

The NATIONAL UNDERWRITER



*Where's
my
Daddy?*



Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Ben Franklin Fire Insurance Company
The Concordia Fire Insurance Co. of Milwaukee

Milwaukee Mechanics' Insurance Company
Pittsburgh Underwriters • Keystone Underwriters
The Metropolitan Casualty Insurance Co. of N. Y.
Commercial Casualty Insurance Company

HOME OFFICE
10 Park Place
Newark, New Jersey



FIRE • MARINE • CASUALTY • SURETY

Loyalty Group
INSURANCE

Western Department
844 Rush St.
Chicago, Illinois

Southwestern Dept.
912 Commerce St.
Dallas, Texas

Canadian Dept.
461 Bay St.
Toronto, Ontario

Pacific Department
220 Bush St.
San Francisco, Calif.

THURSDAY, AUGUST 3, 1939

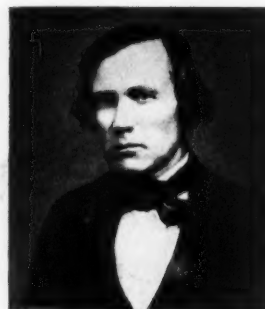


KIT CARSON

CHRISTOPHER CARSON, the famous scout, was born the day before Christmas in 1809 in Madison County, Kentucky. His father apprenticed Kit to a saddle maker; but the boy, having no liking for the work, ran away and joined his two older brothers who were trappers on the Santa Fe Trail. He became a scout and Indian fighter by the time he had reached the age of eighteen.

Kit married an Arapaho girl after, according to tradition, fighting a duel with Billy Shunar, a French trapper, who had been forcing his attentions upon the beautiful Indian maiden.

Later he married a Mexican girl and established a home at Taos, New Mexico. He was appointed U. S. Indian agent and won the respect of his red charges. Knowing the injustice suffered by them at the hands of the whites he was untiring in his efforts to have their wrongs redressed. Kit Carson's house, facing the west



side of the public square in Taos, was but one story in height; but in its prime covered considerable ground and was a most comfortable place, surpassing most of the houses in the town.

Between the ages of eighteen and thirty-three, Kit lived the life of a scout and a trapper in the Colorado and San Joaquin Valleys and engaged in the fur trade. He then became Fremont's pathfinder during his exploration of the California country, and his journeys over the Oregon Trail; forcing the trails through snow-drifts of the little known Sierras in zero weather,

the expedition subsisted for weeks at a time on dog meat.

He was self-educated, spoke French, Spanish and several Indian dialects and was proficient in geography and astronomy. He was also a clever sketch artist.

He died at Fort Lyon, Colorado, on May 23, 1868.

★ ★ ★

The HOME INSURANCE COMPANY
NEW YORK

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry

My Money Goes to The EMPLOYERS'

I Saw an Employers' Group Ad In My Favorite Magazine



For years we've been carrying fire insurance on our home and furniture — renewing it from time to time without giving it much further thought. But one day I saw an Employers' Group ad that brought me to my senses. This ad pointed out that a home needs much more than fire insurance for protection — and that the best way to get full protection is to see an Employers' Group Agent and let him make an analysis and insurance plan. Which I did, willingly and profitably.

The Only Safe Way to Buy Insurance

When I looked at the agent's analysis I was amazed to see how wide open our home was to trouble. I bought his plan — which included revisions in our fire insurance and the addition of liability, burglary, boiler and personal floater policies. Now my home is safe and I'm indebted to that Employers' Agent for his very helpful advice. From now on all my insurance money goes to him.



Free, a Monthly Book of Sales Ideas

Over 1,500,000 good insurance prospects see Employers' Group advertising every month. Our monthly magazine shows many ways to get these prospects' business. Want a copy? Write to our Publicity Department for the latest issue.



The EMPLOYERS' GROUP

110 MILK STREET, BOSTON, MASSACHUSETTS



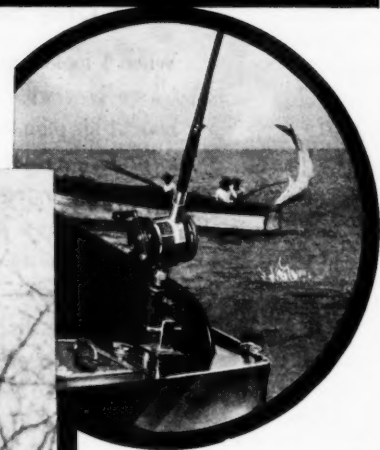
"EVERYONE TO HIS HOBBY."

What better sales approach to clients and prospects than through their hobbies. Almost everyone plays golf, takes pictures, fishes, shoots or hunts, and has sizeable values tied up in clubs, rods and reels, guns, clothing, cameras, projection machines and equipment.

August is a timely month to solicit these hobbyists for Camera Floater, Golfers' Equipment, Gun Floater and Fishing Equipment, as well as Personal Effects Insurance.

Write our Advertising Department for sample literature and sales-producing suggestions.

THE
COMMONWEALTH
INSURANCE COMPANY OF NEW YORK



Universal Ready to Write New Form of Cover

To Offer Structural Continu-
ance Insurance—Beha
and H. O. Fraad Interested

NEW YORK—Structural continuance insurance is a new form of insurance heretofore not written but permitted under section 110 of the New York insurance law. It provides coverage against damage or injury for structures or buildings not heretofore covered under the fire insurance policies and completes the coverages against all loss or damages to structures or buildings except that caused by ordinary wear and tear.

The coverage is written under subdivision 2 of section 110 and particularly against loss or damage because of "weather or climatic conditions, including excess or deficiency of moisture." All the other hazards referred to under that paragraph are already written under the standard form fire policy.

Provision of Insurance Clause

Insuring clause "A" provides "against all physical damage to the structural components of the building where such damage is sustained as a direct result of weather or climatic conditions, excess or deficiency of atmospheric moisture and natural temperature changes."

Insuring clause "B" provides "against all repairs and remedial maintenance work made necessary to the structural components of the building to arrest and combat visible evidence of corrosion and deterioration caused as a result of weather, climatic conditions, excess or deficiency of atmospheric moisture and natural temperature changes."

Coverage Provided

This insurance is not intended to insure against the risk of obsolescence or ordinary wear and tear nor to take the place of the insurance provided for under chapter 386 of the laws of 1937 providing for insurance of life of property. Structural continuance insurance will cover the damages caused to buildings and structures by heat, cold, water or lack of water—"weather, climatic conditions, including excess or deficiency of moisture,"—not already covered under the standard fire policy.

Special Policy Developed

A special insurance policy has been developed to write this coverage and it is written outside of the standard form fire policy. The new policy, known as the standard form structural continuance insurance policy, has been copyrighted by H. O. Fraad, 347 Fifth avenue, New York City. A special rating formula has also been filed with the insurance department to apply and to be

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All Deny Knowledge of C. R. Street's Activity

Eastern Executives Are
Questioned at Hearing in
N. Y. This Week

NEW YORK—Continuing the hearings in the Missouri rate litigation that were started in Chicago last week, sessions were held here beginning Monday. They will be conducted throughout the week. The intention of the commission, appointed by the Kansas City federal court, is to move on to Hartford next week. It is not intended to meet at any other eastern city; the conclusion being that desired company executives located near New York could come here; while those domiciled at Providence, Boston and other New England centers could easily journey to Hartford. The court representatives are desirous of pressing the hearings with all possible speed; hence their decision to begin the sessions at nine a. m., continuing as long into the afternoon or early evening as possible despite the extreme heat.

The sessions are being held in the committee room of the Insurance Executives Association. The attorneys on hand are C. L. Henson, Frank Hoffingsworth and Lawrence Holman, for the state, and W. M. Bullitt, Homer Berger and D. M. Murphy for the companies.

Barnett Is Indisposed

P. V. Barnett, the master, who was to have conducted the investigations, was confined to his hotel Monday through an attack of acute indigestion. Superintendent Lucas of Missouri was present.

The witnesses that were questioned Monday were: R. P. Barbour, United States manager Northern of London; O. E. Lane, president Fire Association; W. F. Brady, vice-president and secretary Merchants Fire of New York, and F. J. Breen, president Standard Fire of Trenton.

The attention of the states' representatives was focussed on the question of whether company officials had any intimation of the purpose for which the late C. R. Street desired the funds that he gathered by means of a 5 percent assessment on Missouri impounded premiums in March, 1936.

Got Call from Paul Haid

Each company executive made the same general statement, namely, that the litigation was so extended and complicated, it was impossible for any one aside from those having it immediately in charge to be familiar with its ramifications; that complete confidence was reposed in the integrity and ability of Mr. Street, and that when call for funds was made to cover, as was assured, legal expense no question was raised. Emphatic denial was made to the query as to whether company officials had any intimation that funds were to be used for bribery. Mr. Barbour declared that throughout the years of his association with the business he had never known of money being used improperly either to secure or to fight legislation, or for any other unworthy purpose.

Mr. Barbour stated his first knowl-

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Succession of Western
Managers Testify Before
Federal Master in Chicago

A succession of western managers, accountants and cashiers in western departments and Russell D. Hobbs, manager of the Western Actuarial Bureau, testified over a period of 2½ days in Chicago in the hearings conducted by Paul V. Barnett, special master of the federal court at Kansas City, in connection with the current phase of the Missouri 16½ percent rate increase case in the federal court.

Barnett is now engaged in taking testimony of each of the 137 cases in the federal court. The final decree in these cases, it will be recalled, was entered in 1936, under which the famous compromise agreement was sanctioned. On May 29, 1939, this year, the federal court entered an order requiring the companies to show cause before June 15 why some \$9,000,000 of impounded premiums should not be returned to policyholders. On May 15, the companies filed an answer and in response to that Superintendent Lucas of Missouri moved to strike out the answer.

Order of July 3 Recalled

On July 3, the federal court ordered that Barnett take testimony as to the conduct of the parties in these cases, leading up to the action of the court ordering distribution of the impounded fund; as to any connection with the case of any agent of the companies (meaning C. R. Street) authorized to act in connection with the litigation and as to the knowledge of any authoritative officers of the companies as to the acts of any such agent.

The hearings were conducted in Chicago Thursday, Friday and Saturday morning. Then the master, attorneys for the companies, Superintendent Lucas and his attorneys moved to New York to begin taking testimony Monday morning. Barnett upon leaving Chicago, estimated that the New York hearings would consume about 10 days.

In perhaps two weeks additional hearings will be held in Chicago to get the testimony of R. J. Folonie, Chicago attorney, who represented the companies in the 16½ percent rate increase case, and others.

Hearings in W. U. A. Rooms

The hearings were conducted in the governing committee's room of the Western Underwriters Association in the Insurance Exchange. About eight newspapermen were on hand at all times, including a representative of the St. Louis "Post Dispatch" that has been conducting a vicious crusade, through editorials and cartoons, against the companies. The company attorneys present were William Marshall Bullitt of Louisville and Homer Berger of Kansas City. Mr. Lucas attended most of the hearings but did not assist in the questioning.

The questioning in behalf of the state was done by C. L. Henson, chief attorney for the Missouri department, and

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Commodity Credit Corporation May Abandon Insurance

Moves to Substitute
Assessment Upon Farmers
For Present Arrangement

WASHINGTON—Plans of the Commodity Credit Corporation to abandon its present system of requiring farmers to furnish insurance to protect loans on various agricultural commodities in favor of a fund to be created by assessments on farmers, were disclosed in Washington this week.

Although the corporation last week, in announcing its rye loan program, provided that the farmers or elevators storing the grain shall carry the insurance, and made the same stipulation with respect to corn, it is understood that there is under consideration the imposition of a charge upon the farmer of one-fifth of one cent per bushel on farm-stored corn for the term of the loan, thereby creating a revolving fund from which losses could be paid.

Experiment on Smaller Crops

The same procedure, it was indicated, will be applied to rye under loans, but not to wheat, it apparently being the plan of the CCC to try the system out on the smaller crops before making it general.

"Should this plan be adopted," it was declared by William T. Reed, Washington representative of the National Association of Insurance Agents, "it will cause serious loss of income to thousands and thousands of local insurance agents throughout the country. It would, moreover, substantially reduce a large source of tax revenue of the states and federal government."

"Furthermore," he pointed out, "if adopted for corn, this program may be readily extended to other classes of loans. Such a step would constitute direct government competition with private enterprise, whose legitimate business is to provide adequate indemnity at a reasonable cost."

The rate of 1/5 cent per bushel that the government proposes to charge is probably the equivalent of a rate of 30 cents per \$100 of valuation. The rate that the private companies have been charging is 75 cents per \$100, but that is not the final, net rate, due to the fact that a great deal of the insurance does not run for an entire year and there is return premium.

As of June 30, 1939, the total valuation loaned by Commodity Credit Corporation were \$129,657,212, representing 227,716,928 bushels of corn.

The Farm Underwriters Association has been watching developments closely and may take steps to discourage the government from entering the fire insurance business in this way.

Under the existing arrangement, farm-

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California Fences Need Some Repairs

Hope Expressed That Various Interests Will Work Out a Program

SAN FRANCISCO—There has been no appreciable change in business-getting practices in California since the general subject was considered at a joint gathering of fire and casualty company executives, local and general agents and brokers here the latter part of June. Rate-cutting is still prevalent, and production men continue to insist that unless remedial measures are adopted within the ranks, efforts for enactment of a commission regulation law will certainly be made when the legislature meets in 1941.

Advantage was taken of the presence of a number of ranking company officials at the convention of the National Association of Insurance Commissioners here, to hold a general session during that week at which the conditions complained of could be discussed and the aid of the head office men sought to inaugurate a reform program. The gathering was attended by representatives of all types of carriers, both organization and free lance, and plain speaking was in order.

Full Cooperation Desired

It developed that approximately 30 percent of the premiums aside from life collected in California, is upon the straight fire line the remaining 70 percent coming from inland marine, casualty and surety, mainly the last two. In the light of this it was appreciated that it would be futile for the fire men to fix their fences, if the other divisions of the business were free to pursue an independent course.

Those participating pledged support to almost any program that would bring order out of the more or less chaos that has existed, and which agents and brokers declared threaten their business existence. The outcome of the conference was decision to leave the matter to the company executives for exhaustive study and the later submission of a program, which, if sanctioned by approximately 100 percent of the carriers and their representatives in the state should place the business upon a higher plane.

Further Conference Not Yet Held

The intervention of the vacation season, it is understood, has precluded a conference upon the California problem as yet, though assurance is had from the east that the importance of the task is fully appreciated and an earnest effort to find a solution will be put forth as soon as a conference or series of conferences of underwriting chiefs can be had.

If through the opposition of any considerable number of companies a sensible plan of operations for California fails of adoption, then not a few company officials, it is stated, will certainly not oppose, if indeed they do not support, a state expense regulation statute.

National Projects New Home Office

National Fire of Hartford has acquired options on 24 parcels of land in the residential section of Hartford on which it intends to build a \$2,000,000 new home office building. The mayor of Hartford has announced that he will appear before the zoning commission to advocate removal of restrictions so as to permit construction of the building in that area. The tract consists of an area of about 16 acres.

The Wilson & Booser general agency of Jacksonville, Fla., has taken new quarters in the Hildebrandt building.

Victor Roth, Long Prominent in Insurance, Dead

Victor Roth, chairman of the board of the Security of New Haven group, and former president, died at his home in New Haven, Thursday night of last week. He was 66 years of age. He is survived by Mrs. Roth. Funeral serv-



VICTOR ROTH

ices were held Saturday morning at St. Mary's Catholic church.

All of Mr. Roth's business life had been spent in insurance. He started from office boy. In his day he was regarded as an excellent underwriter and splendid administrator.

Mr. Roth's Career

He was born in Troy, N. Y., in October, 1872. He entered the insurance agency of Stillman & Son there when still a boy. Then he spent a number of years traveling in upper New York as special agent for Weed & Kennedy. He joined the Security as special agent in that field in January, 1904, and two years later was appointed assistant secretary and in 1907, secretary. In 1917, he was elected vice-president and in 1927, president. He suffered a severe stroke in April, 1936, which prostrated him and since then he had not been able to attend to business. He did not relinquish the presidency until August, 1937.

Mr. Roth was active in the National Board, serving as chairman of the committee on adjustments. He also had been chairman of the committee on building construction. He had served on its executive committee, public relations,

Texas Fire Rate Cut Is Set for Sept. 1

Effective Date Is Postponed to Permit Legislative Study of Rating Factors

AUSTIN, TEX.—The new fire insurance rate schedule for Texas, said to involve a slash of approximately 10 percent, will be promulgated Aug. 15 to become effective Sept. 1. The Texas board of insurance commissioners agreed to withhold the final order until Aug. 15 in compliance with request by special house committee investigating the rate structure for additional time in which to study the rate making structure.

The investigators announced they would resume hearings here Aug. 14. At the time the investigation was demanded in the house the argument was made that the existing fire rates are too high and that they should be reduced. The investigating committee proposes to find if the rates are too high, why they are too high and how the board arrives at knowledge of experiences for rate making purposes.

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laws, membership, actuarial bureau and finance committees. For three years he was a trustee of the Insurance Executives Association.

In New Haven, Mr. Roth took a prominent part in different institutions. He was a director of the Southern New England Telephone Company, president of the Catholic Social Service Bureau and former president of the New Haven park commission.

Capable Field Man

Mr. Roth was a director of the Pilot Reinsurance and had been since its formation in 1925. He was for several years a member of the executive committee of the Eastern Underwriters Association. As special agent in New York he was always recognized by his associates as a straight shooter, ever willing to lend a hand to the other fellow. In his inspection work he was most conscientious, former field associates recalling that he would oftentimes don overalls in order to probe through cellars and engine rooms when checking possible fire hazards. Though not college bred, he was self-educated to an unusual degree, being recognized as a discriminating judge of paintings and music. Upon various occasions he and Mrs. Roth would spend weeks in Vienna and Budapest, enjoying musical festivals in those centers. He had a fine knowledge of the classics.

Silver Jubilee



ROBERT R. CLARK

Robert R. Clark of Hartford, United States manager of the Caledonian, is celebrating his silver jubilee with the company. The Caledonian Club publication, "The Calico," was dedicated one month to this event. It was issued before Mr. Clark sailed for the other side to attend the opening of the Caledonian's new head office in Edinburgh. The company sent a silver anniversary copy to all agents in this country. Mr. Clark joined the United States office of the Caledonian in July, 1924, as executive general agent. In February, 1925, he was appointed assistant United States manager of the Caledonian and chosen vice-president of the Caledonian-American. He became United States manager in 1927. Three years later he also became United States manager of the Netherlands. The United States headquarters building was formally opened in June, 1937. In 1920, it sold its building at 50 Pine street, New York City, and three years later moved the U. S. branch to Hartford.

Birmingham Adjuster Suit Continued to Aug. 7

Various pleas and demurrers in the suit of the Birmingham Bar Association against 26 fire companies and adjusters including the Fire Companies Adjustment Bureau were taken under advisement by Judge Evans of circuit court following a two day hearing. Aug. 7 was set for continuation of the hearing.

The bar association seeks a declaratory judgment as to what constitutes the practice of law, with an injunction to prevent companies and adjusters from trespassing in that field. The defense claims the remedy open to the bar association is by quo warranto proceeding rather than declaratory judgment, and questions the right of the association to bring the suit at all.

Judge Evans overruled a motion to have the name of J. L. Wilkey, adjuster, eliminated as a defendant on the grounds of former jeopardy. He was recently granted a new trial by the state supreme court after the lower court had enjoined him from doing acts defined as the practice of law.

Nashville Gets Rate Reduction

NASHVILLE, TENN.—A reduction in Nashville's fire insurance rates that will mean a saving to policyholders of approximately \$100,000 annually was announced by the Tennessee Inspection Bureau, the second rate reduction in five years. As quickly as the schedule of revised estimates can be worked out on buildings involved, the reduction will be put into effect. It will include reduction of rates on "protected and fire-proof dwellings and apartments," and, it is said, will give the city one of the best fire insurance rates in the country.

THIS WEEK IN INSURANCE

Commodity Credit Corporation takes step looking toward abandonment of private insurance on crops upon which it makes loans. **Page 3**

Testimony is taken from numerous company executives in Chicago and in New York by master of the federal court at Kansas City in connection with the Missouri rate case. **Page 3**

Universal of New Jersey is preparing to offer a new form of insurance, known as the structural continuance contract. **Page 3**

Victor Roth, former president of the Security Fire of New Haven, and later chairman of the board, is dead. **Page 4**

Further conference is needed in an endeavor to form a cooperative agreement for reducing unfair competition in California. **Page 4**

Program is announced for the Mississippi Insurance School to be held at Jackson. **Page 25**

Texas fire insurance rate reduction order expected to be made Aug. 15, effective Sept. 1. **Page 4**

Interesting report is made on forest fire insurance by the Division of Forest

Economics of the United States Department of Agriculture. **Page 5**

American Association of Insurance General Agents renews its efforts to induce the casualty companies to create a class of bona fide supervising general agents. **Page 15**

The National Underwriter announces that the 1930 edition of the "Underwriter's Hand-Book of Illinois," the well known reference book, is now being distributed. **Page 28**

National Fire of Hartford acquires tract of land in residential section in its home city upon which it intends to build a new home office building. **Page 4**

Outstanding stock and control of Pennsylvania Indemnity acquired by Ohio Casualty. **Page 15**

Leaders are announced for the three group sessions on agency management at the Boston convention of the National Association of Insurance Agents. **Page 5**

Important meetings of San Francisco and California insurance men called. **Page 5**

A. F. Jordan is appointed insurance superintendent of the District of Columbia. **Page 32**

"Sound Basis" Given for Nation-wide Forest Fire Cover

U. S. Department of Agriculture Issues Report After Exhaustive Survey

WASHINGTON, D. C.—What is called "unquestionably a sound basis" for a nationwide business in the insuring of standing trees against forest fires is set forth in a report on "Forest Fire Insurance in the Northeastern States," prepared by H. B. Shepard for the division of forest economics of the forest service, U. S. Department of Agriculture. At the present time, forest fire insurance is not commercially obtainable in this country but is widely used in several foreign countries.

The result of a three-year study, the report states that while the New England hurricane of last September rendered application of its findings temporarily impracticable over much of the New England pine region and some other parts of the northeast, they are none the less "fundamental to the revival of interest in forest insurance that is certain to accompany the restoration of timber values," and will be a valuable guide to future forest insurance investigators.

Nationwide Expansion Plan

The "sound basis" described is an integration of forest-insurance underwriting in the northeastern states with similar fire insurance enterprise in the previously surveyed Pacific coast lumber states, says the report, indicating the practicability of a nationwide expansion from this combination.

The report states that insurance against forest fire damage is a perfectly feasible and profitable undertaking at very moderate cost to the timberland owner, if proper precautions are taken, and points out that the technical underwriting and administrative problems involved will be no more insurmountable than those that have been met and adequately handled in general business development. It concludes that forest fire insurance can render a valuable service in the national conservation program.

Scope of the Survey

The survey embraces the New England States, New York, New Jersey, Delaware, Pennsylvania and Maryland which are said to include 57,203,583 acres of timberland, mainly second-growth but with a large aggregate value and real need for insurance protection.

The report arrives at a statistically normal loss expectation for the territory as a whole of 13.5 cents per \$100 of value, after evaluating all known factors such as federal and local fire protection, forest fire seasons, number, location and extent of forest fires in the territory for the preceding ten years, together with the data from an intensive field study of 103,382 acres of widely separated, burned-over forest areas.

Trial Schedule Worked Out

On this basis, and allowing for such factors as fire hazard, operating cost and fair profit, the report works out a trial schedule of premiums for the various localities and principal types of forest, with tables of reasonable over-charges for such contributive hazards as logging slash, previously burned-over brushlands, dead or dying timber, adjacent railroads and lumbering operations. It also takes into account credits for natural and artificial firebreaks, railroad patrols and shut-down of logging operations during extreme fire weather. It includes a

Not the Work of Anti-Cigarette League



This is a view of a section of a 9-acre field of Burley tobacco in Scott county near Georgetown, Ky., following the hail and windstorm that struck central Kentucky, July 24. The hail writing com-

panies have had a good year insofar as premium volume is concerned on tobacco, but the losses have been numerous. This picture was furnished by the Rain & Hail Insurance Bureau.

May Soon Extend U. S. All-Risk Cover to Cotton

The United States senate has passed a bill to extend the federal all-risk crop insurance program to include cotton, as well as wheat. A companion bill had previously been passed by the house.

The writing of all-risk insurance on wheat this year adversely affected the private hail insurance writers. Specialists in that field estimate that the private companies lost the opportunity to write about \$250,000 in hail premiums because of the government's activity. The falling off in hail premiums of private companies, however, was due this year primarily to the recession in the market price of grain and to the crop condition in certain sections.

The total hail insurance premium on cotton of stock companies has been averaging about \$250,000 a year, mainly from Texas, Georgia, North and South Carolina and Oklahoma. The experience has been satisfactory on the whole.

So far as wheat is concerned, the heaviest government's all-risk writings have not been in those territories from which the private companies derive most of their revenue. The private companies get most of their business from the sections that have had a bad record. In those sections, the government rate for all-risk insurance was so high that comparatively few farmers signed up for the program. On the other hand, the farmers in surprisingly large numbers in those sections that have had a good record, purchased government insurance.

Insurance people are not surprised that these bills have passed. It was the intention of the government originally to try the experiment with wheat and then to extend the program to other crops.

number of recommended forest insurance forms.

The report, Technical Bulletin No. 651, is for sale by the Superintendent of Documents, Washington, D. C., at 10 cents a copy.

Bugli Studies Advertising Needs

Ralph Bugli, advertising manager London Assurance, spent four days in Indiana last week studying conditions there with the idea of adapting advertising effort to be made of the field. Mr. Bugli is surveying several areas with this pur-

Important Meetings Are Being Called

SAN FRANCISCO—Representatives of all classes of insurance in San Francisco have been called together for a general mass meeting, Aug. 3, to discuss a "problem of vital import to all." The general call was issued originally by J. B. Levison, chairman of board of Fireman's Fund. Heads of other associations, agents brokers, etc., issued a call to all members to attend.

Declaring that the semi-annual meeting of Special Agents' Association of Central-Northern California is of utmost importance C. M. Rogers, president, issued a special call urging all to attend Aug. 7. H. P. North, Pacific coast director Business Development Office and Elmer White, President California Association of Insurance Agents are to address the members which will be followed by meetings of the executive committee with chairmen of membership, public relations, B. D. O. committees.

Countersignature Case Still in the Court

It is expected that the court at Richmond, Va., will render a decision on the countersignature law case there before Sept. 1. In fact the court so stated from the bench. A. D. Christian of Richmond is attorney for the Association of Casualty & Surety Executives contesting the case and is on the program for the annual convention of the International Association of Insurance Counsel at Hot Springs, Va., Aug. 30-Sept. 1. He will give a paper on this subject. Therefore if a decision is rendered before he completes his paper he will have to make some changes. The case is Osborn vs. Ozlin.

The issue was argued a couple of months ago before a three judge federal court in Alexandria, Va., and then was taken under advisement. The documents are now in possession of Circuit Judge M. A. Soper of Baltimore, who has been ill for a number of weeks.

pose in mind. Homer G. Meek, Indiana state agent London Assurance, accompanied Mr. Bugli in his Indiana itinerary.

L. W. Cassell, Illinois state agent, spent a week traveling with Mr. Bugli in Illinois.

Name Leaders for Agency Management Group Sessions

Holmes, Carswell and Hilgemann to Function at Boston Convention

H. Donald Holmes of Summit, N. J., John W. Carswell of Savannah, Ga., and L. C. Hilgemann of Milwaukee have been selected by the National Association of Insurance Agents to lead the group sessions on agency management and operation at the convention in Boston this October.

Many conventioners consider these sessions the most valuable part of the program, along with the insurance merchandising seminars. The group sessions are conducted in a spirited, informal manner. The chairmen select the subjects for discussion that are felt to be the most profitable.

The sessions this year are, as customary, divided into income groups: first, for agents producing up to \$100,000 in annual premiums; second, for agents producing from \$100,000 to \$300,000; third, for agents producing more than \$300,000.

Subjects discussed center around building a more efficient and profitable agency, regardless of size. Surveys, planned production, collections, advertising, premium financing, developing solicitors—these and many other topics are treated in the discussions.

The sessions will be held Thursday morning of the convention week, one day later than on previous years' programs.

Mr. Holmes is president of the New Jersey Association of Underwriters. He followed his father in the real estate business, established the firm's insurance department, became interested in his city's civic and welfare problems, and worked for his local and state agents' organizations.

Mr. Holmes for 14 years was a member of the Summit board of education and, as chairman of the education committee of the New Jersey association, helped establish that organization's popular educational program.

Mr. Carswell is president of the Georgia Association of Insurance Agents and just recently presided over that organization's first short course school in insurance. For about 10 years he was with the Retail Credit Company, then he took over the agency of his uncle, the late J. D. Carswell.

At the Hollywood mid-year meeting of the National association he participated in the symposium on meeting mutual casualty competition.

Mr. Hilgemann has served the national organization in several capacities. He was at one time chairman of its compensation committee. At the National association convention in 1936 he conducted one of the best meetings of its kind ever held.

I. A. C. TO AID

Plans for cooperating in every way possible with the National Association of Insurance Agents were discussed by the executive committee of the Insurance Advertising Conference at a special meeting held in New York. The annual meeting of the I. A. C. will immediately precede the annual meeting of the National Association of Insurance Agents in Boston, starting Oct. 1.

Also present at the meeting were various I. A. C. committee chairmen. The first draft and layout for the four large

displays, which the I. A. C. will present at the agents' meeting in an effort to bring about a better understanding of insurance company advertising, were discussed and approved.

It was decided to make the I. A. C. annual dinner, to be held Monday evening, Oct. 2, an outstanding affair to which company executives and agents will be invited. David C. Gibson, vice-president Maryland Casualty and chairman of the program committee, has appointed Douglas J. Murphy of Metropolitan Life and Clark W. Smitheman, production manager Camden Fire, as

joint chairmen of the I. A. C. business sessions and those present offered a variety of suggestions for the consideration of the program committee and the joint chairmen.

Raymond C. Dreher, advertising manager Boston and Old Colony and president I. A. C., presided at the meeting, which was followed by a luncheon.

William Gasser, Seattle, Wash., formerly connected with Continental Company of Seattle, has opened his own local agency.

At Williamsburg, O. A. C. Jordan has taken over the Jordan & Mudge agency, Charles R. Mudge retiring.

CHICAGO

ROSKO NOW CHICAGO MANAGER

J. M. Rosko, the new manager of the St. Paul F. & M. branch service office in Chicago, is now on the job. No other changes are being made in personnel of the branch. Mr. Rosko has had 14 years insurance experience, all in Chicago. He started with North America's western, department as endorsement clerk, then a year later was transferred to the Cook County department. After

two years he went with the Oscar Pofe & Co. agency in Chicago as counterman, remaining 10 years. Mr. Rosko went with St. Louis F. & M. in Chicago late in 1937 as underwriter and office manager.

FLINN SEEKS CONNECTION

Robert D. Flinn, who some time ago retired as superintendent of the Chicago department of the Fidelity & Guaranty Fire, is again casting about for a connection. He spent the ensuing months in vacation, indulging in various forms of recreation. Mr. Flinn is well known in the Chicago field. Before going with the Fidelity & Guaranty Fire he was connected with the western department of the Commercial Union.

J. A. LAADT ASSISTANT MANAGER

James A. Laadt has been appointed assistant manager of the life department of Cramsie-Laadt & Co., Chicago general insurance agency. In this capacity he is under the direction of A. H. Ehresmann, manager. He will devote his time to brokerage business.

Cramsie, Laadt is general agent of Northwestern National Life. Mr. Laadt is a brother of W. J. Laadt, one of the partners. He represented the Travelers in Chicago for some time and since 1932 has been with Cramsie, Laadt. The appointment was made necessary by increased business in the life department.

GRIFFIN, INGRAM & PFAFF OUTING

The Griffin, Ingram & Pfaff agency in Chicago will hold its outing and golf tournament Aug. 10 at the Pistagua Hills Country Club. The agency's first outing was held there 12 years ago and this is the first time it has met there since. Edward F. Fendt is chairman.

GAINS FOR FRED S. JAMES & CO.

Fred S. James & Co., Chicago, registered a 32.4 percent gain in new paid life insurance and a 13.3 percent increase in accident insurance for the first six months, according to C. F. Lundquist, life and accident department manager. R. Y. Sanders was the life leader and Charles Buresh, Jr., the accident leader.

The Chicago office of Schiff, Terhune & Co. has been moved to larger quarters at 209 West Jackson boulevard.

F. E. Potter, secretary and general adjuster of Home of New York, has been visiting the Chicago headquarters of his company.

Opens Eastern Office

The Trinity Universal of Dallas has opened an eastern department at 401 Walnut street at Philadelphia. W. E. Young is manager. It will have jurisdiction over Pennsylvania, New Jersey and Maryland. Mr. Young has specialized in automobile insurance in the field and was vice-president and eastern department manager of the American States.

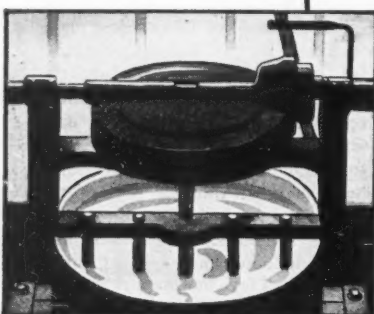
Shields Fire to Start

INDIANAPOLIS—Notice has been filed of the intention to organize a stock fire company to be known as the Shields Fire, with home office probably in Lebanon, Ind. It will write fire insurance and allied lines and plans to file an application with the Indiana department by Aug. 7, or as soon thereafter as possible. The men behind the new company are: Tipton S. Ross, president; H. B. Messick, secretary; H. M. Miller, treasurer, and J. D. Martin, vice-president Pioneer Equitable of Lebanon; W. C. Roth, Madison, Ind., and J. S. Ross, Lebanon.

Mr. Ross is president of the Pioneer Equitable of Lebanon, Mr. Messick, is secretary, Mr. Miller, treasurer, Mr. Martin, vice-president.

The Knickerbocker of New York has been licensed in Tennessee and Texas.

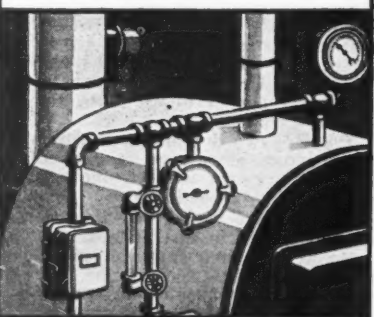
Mrs. Jean Flattery has become associated with the Flattery Insurance Agency at Wooster, O. The Flattery agency was established in 1900.



PAINT MIXER—A. D. T. automatically supervises this paint mixer in the plant of a San Francisco manufacturer. Any stoppage of operation, day or night, whether caused by current failure, burned-out bearings, mechanical obstruction, etc., is automatically detected and reported to the A. D. T. Central Station, which initiates immediate corrective action. Similar constant, automatic supervision is available for an almost limitless variety of industrial processes.



COLD STORAGE—A. D. T. Central Station Supervision automatically detects and reports any dangerous temperature change, and assures prompt action to restore normal conditions. A. D. T. Automatic Supervision is available for almost any type of process where maintenance of standard temperature, humidity or pressure conditions is necessary.



HEATING SYSTEM SUPERVISION—A. D. T. Supervision of automatic heating systems removes the dangers of human carelessness and neglect. Abnormal conditions are detected automatically and corrective action is immediately instituted.

Help your clients Save Money!

THESE SPECIAL A.D.T. SERVICES INCREASE EFFICIENCY AND REDUCE COSTS

A. D. T. can help you in many ways to formulate economy programs for your clients. In addition to money-saving automatic fire and burglary protection, A. D. T. provides automatic Central Station Supervision for heating systems and for innumerable types of industrial and manufacturing processes.

By removing the element of human fallibility and by making possible the elimination of other less effective but more costly supervisory measures, these services frequently result in substantial savings.

Doubtless many of your clients and prospects could use to advantage the money-saving services of A. D. T. We shall be glad to cooperate with you—without obligation—in working out appropriate economy arrangements for your clients. Write for further information concerning these and other A. D. T. Protection Services.

HEATING SYSTEM SUPERVISION INDUSTRIAL PROCESS SUPERVISION

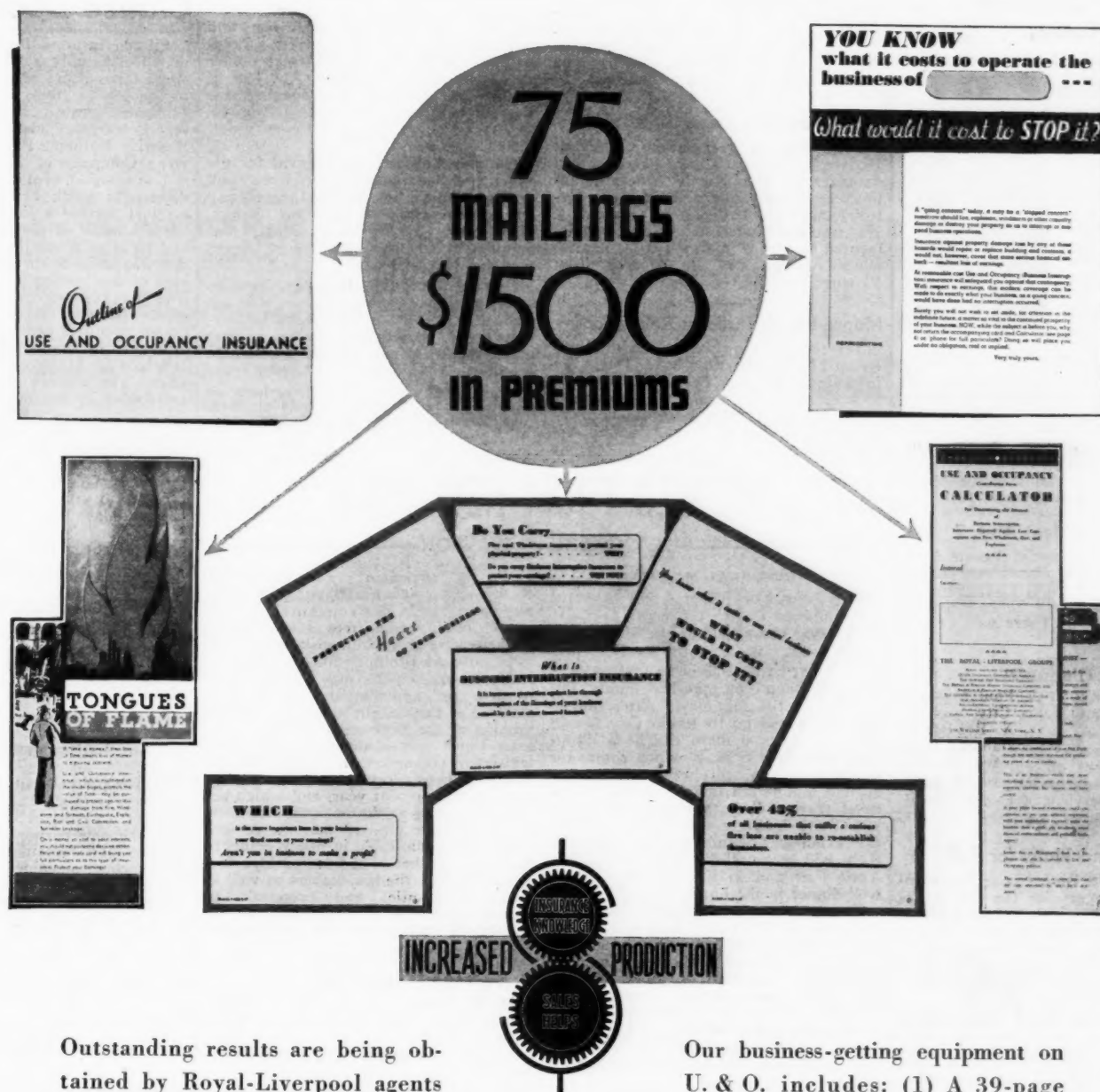
Controlled Companies of

AMERICAN DISTRICT TELEGRAPH COMPANY

155 Sixth Avenue • New York, N. Y. • Central Station Offices in all principal cities

ADT

Electric Protection Services
AGAINST FIRE • BURGLARY • HOLDUP
A NATION-WIDE ORGANIZATION



Outstanding results are being obtained by Royal-Liverpool agents through the use of our Business Interruption (U.&O.) educational and sales helps.

One agency sent 75 sets of our mailing pieces to as many prospects. Despite adverse local business conditions, \$1500 Use and Occupancy premiums were written during the week following this mailing and many excellent prospects were lined up for this coverage and others.

Our business-getting equipment on U. & O. includes: (1) A 39-page booklet, "Outline of U. & O."; (2) the special mailing campaign above mentioned; (3) a personalized letter-folder; (4) descriptive mailing enclosures; (5) "U. & O. Calculator."

Specimens of any or all of this literature will be sent on request to any agency interested in learning how and why these business-builders make for INCREASED PRODUCTION.

ROYAL LIVERPOOL GROUPS

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N. Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA • THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA • THE NEWARK FIRE INSURANCE COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • THE SEABOARD INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA

NEWS OF FIELD MEN

Blue Goose Chairman Has Heavy Duties

Allen C. Guy of Columbus, O., manager of the Western Adjustment, who is chairman of the general committee that has in charge the annual conclave of the grand nest of the Blue Goose at Cincinnati, Aug. 29-31, is completing arrangements for that event. The Ohio Blue Goose is one of the notable state units, R. W. Hukill, state agent of the Great American, being most loyal grand gander. Mr. Guy was formerly connected with the Pennsylvania Railroad as claim agent. Then he practiced law and later on became casualty adjuster connected with the Employers Liability office at Cincinnati. He went with the Western Adjustment in 1920 at Cincinnati and was made manager at Columbus in 1928.



A. C. Guy

N. J. Specials to Meet Aug. 7

The New Jersey Special Agents Association will hold a dinner meeting at Cedar Ridge Golf Club, Livingston, N. J., Aug. 7. Plans will be outlined for the coming season. There will be golf in the afternoon.

Slater Is B. D. Chairman

OKLAHOMA CITY—Paul J. Slater, America Fore, Oklahoma City, was appointed to succeed John A. Bosdett as general chairman of the Oklahoma Business Development office. Mr. Bosdett has gone to Kansas City, where he is a regional supervisor for the Royal-Liverpool group.

California Pond Plans for Fall

The California Blue Goose has completed arrangements for the first of its fall social affairs, which will be a picnic at the Uplifters Club, in Santa Monica Canyon, Sept. 29. Sports events will be held. The opening meeting will be held in the Los Angeles Athletic Club Sept. 8.

Name Oklahoma Pond Committees

OKLAHOMA CITY—Ellis H. Clarkson, most loyal gander Oklahoma Blue Goose, has appointed the following chairmen of standing committees: T. Ray Phillips, jurisprudence; A. B. Stewart, auditing committee; H. C. Seitz, advisory; J. V. Keating, educational; Kyle McIntyre, entertainment; F. F. Thompson, Haggart Memorial; R. E. L. Mugg, charity; Guy Postelle, initiation; George

W. Kline, memorial; Rex Kendall, dues; R. M. Senn, membership; J. E. Wilkerson, golf; J. G. Hayden, drippings; C. T. Ingalls, employment; E. F. Yerrington, flag; H. T. Lockerridge, guards; and Mrs. J. N. Jones, ladies committee.

North America Rearranges Field

Following the resignation of A. M. Pfalzer, H. J. McCauley, Pacific Coast manager of the North America, announces that the southern California territory will be covered by Harold J. Harrison and Robert W. Wilson, supplemented by a third man yet to be named, while Arizona will be covered from Phoenix by Albert E. Esray.

Moore Heads Indiana Relief Body

Trustees of the Indiana Field Men's Relief Fund Association have elected the following officers: President, Ross A. Moore, Firemen's group; vice-president, D. J. Munro, Hartford Fire; secretary-treasurer, Homer G. Meek, London As-

surance. This organization has been in successful operation over 20 years.

Dinner Precedes Grand Nest

CINCINNATI—Ohio Blue Goose officers and committee chairmen and vice-chairmen and Grand Nest officers will assemble for a Dutch treat dinner at Mecklenburg's Garden, Aug. 28 at 6:30 p. m., preceding the opening session of the grand nest meeting Aug. 29.

Godfrey Cheshire, state agent for the Fidelity & Guaranty Fire in North and South Carolina, has returned from a two weeks' encampment at Fort Bragg, N. C. Mr. Cheshire is a colonel, commanding the 113th field artillery, North Carolina National Guard.

Colonel George B. Jennings, Virginia state agent for the Royal group, who has been in a hospital in Richmond for several weeks, is now at his home in that city. He expects to be back in the field soon.

The Dallas office of the Northern of London, under charge of Judd G. Stiff, special agent, has moved into new quarters in 1023 Liberty Bank building.

VIEWED FROM NEW YORK

By GEORGE A. WATSON

PLAN OF REGIONAL MEETING

The New York Blue Goose is staging a unique event, it being a regional convention to be held at the Hotel Piccadilly, 227 West 45th street, New York City, Sept. 1-3. The first gathering will be a get together dinner the evening of the first day. After dinner the crowd will go to Radio City Music Hall and at 9:30 there will be a Radio City tour. On Sept. 2, which comes on Saturday, there will be a marine trip around Manhattan Island. In the afternoon there will be a visit to the Empire State building observatory and in the evening a banquet. On Sept. 3, there will be an all-day visit at the New York Fair and in the evening a farewell dinner in the hotel.

The gathering will follow immediately the close of the grand nest convention at Cincinnati. The committee in charge consists of Samuel Mehorter, Home of New York, past most loyal grand gander; Max Buchenberger, Underwriters Salvage Company, New York City pond goose quill wielder, and E. W. Dart, past most loyal gander. The Hotel Piccadilly is just off Times Square.

JOINT COMMITTEE ORGANIZES

The joint committee on insurance laws authorized at the latest session of the New York legislature, organized last Friday by selecting Assemblyman R. F.

Piper, as chairman; Senator W. H. Hampton, vice-chairman, and E. J. Conway, secretary. The committee, as well as all other committees also recently formed, were urged by legislative leaders to begin work promptly and to whip into shape as quickly as may be such legislation or amendments to existing statutes as they might agree on, for submission at the 1940 session. Assemblyman Piper was chairman of the joint legislative committee that recodified the insurance laws adopted by the legislature early in the present year, and which become operative at the beginning of 1940. It is taken for granted that the revised code, while admirable in many respects, has yet a number of shortcomings, a fact appreciated by the law-makers as well as insurance people, and proposals to amend certain of its provisions will be considered during the next few months.

M. W. MAYS INSTRUCTOR

M. W. Mays, assistant director of the Business Development Office, will be instructor in the new course in general principles of insurance and suretyship to be offered by the Insurance Society of New York in the fall. The course which will consist of 32 sessions, of approximately one hour each, will not deal with any specific branch of insurance, but rather will consider fundamental principles applicable to many or all types of underwriting.

Insurers Win Record Warranty Clause Decision

Fifteen insurers have been upheld in denial of liability by the Texas supreme court for a claim of \$18,000 on account of the loss of stock of the Schott Drug Company because of the violation of the record warranty clause. The case was Security National Fire et al. vs. Schott Drug Company et al.

The assured kept a record of its additions to stock by making from the original invoice a journal record showing the name of the seller and the date and total value of the invoice. No record was made of the unit price, the total sum of the invoice only being recorded. The invoices were recorded in a filing cabinet outside the safe and in a place on the premises exposed to fire and were destroyed by fire. A similar method was followed in keeping a record of credit sales. The journal showed the total of such sales by the month but the books showed nowhere to whom made. Charge tickets were made giving this information and they were destroyed by the fire, being kept in the safe for the current month only. The sales tickets for the month current at the time of the fire were available, but no others were found. There was no inventory on hand taken by the assured within the preceding year and no inventory was taken by the assured within 30 days thereafter.

Assured's Contention Overruled

The assured contended that the requirements of the record warranty clause with respect to the taking and keeping of inventories were sufficiently met by the production by the assured of the inventory taken by its predecessor within 12 months of the issuance of the policies involved, together with a set of books.

It was pointed out, however, that the receiver conducted a bankruptcy cash sale for a period of 12 days prior to the time the new corporation purchased the fixtures and remaining stock.

The court sustained the contention of the insurers that the terms of the record warranty clause required the insured not only to make and prepare books but to keep them in some secure place in the manner stipulated, to the end that the assured be able to deliver them to the insurers in the event of a loss or damage insured against.

Two elements, according to the court, underly the purpose of the record warranty clause, they being the ascertainment of the amount of value of merchandise lost, and the facilitation of such ascertainment. The requirement is substantially complied with when the record kept and preserved is such that the amount at value can be ascertained with reasonable certainty. The basis of the

(CONTINUED ON PAGE 21)

HANOVER

OPPORTUNITY for you to write MORE Business is what YOU desire.

OPPORTUNITY for US to help is all we ask.

Join the HANOVER FAMILY and let us work with you.

\$4,000,000 CAPITAL JAN. 1, 1938
\$9,213,048 POLICYHOLDERS' SURPLUS
\$15,527,553 ASSETS
LOSSES PAID SINCE ORGANIZATION \$27,940,201

The HANOVER FIRE INSURANCE COMPANY of New York

MEN WITH DREAMS

In San Francisco a bent old man punches a leering time clock with vague defiance and shuffles out into the night, homeward-bound . . .

In Chicago a youthful shoe store clerk flips off the lights and hastily tests the night lock, cursing the long hours that keep him from his family . . .

A siren screeches in Detroit and half a million men in dungarees hasten toward the exits, counting the hours until the morrow's work begins . . .

These men are men with dreams, brothers to millions. They seek not riches, fame or glory — but deep within each heart there burns a silent prayer for freedom, independence and the right to strive, unbossed, for shelter, food and clothing.

Local agents of America, they envy you, these men with dreams, because they know your freedom. They know you have no clocks to punch, no boss except your own ambition. They know that dull routine can never beat you down because your job is ever-different, ever-challenging, reaching out to all the people and all events in your community. They know that few men in any business have the power you have to shape the pattern of your lives.

You have a great calling, you who represent the American Agency System. You are your own bosses. Your initiative never need be throttled by unwanted masters. Your work enriches your community

as well as your own purse. You can meet people at your will. You can come and go as you please and make time serve you rather than be its serf.

★

All these things, surely, are worth prizing, worth working for, worth trying to improve. Here is a heritage few fathers can bequeath their sons and their sons' sons. Here is America as our fathers dreamed it might be—a nation of free men, each serving his neighbors with the knowledge and skills of an honest guild.

Certainly your freedom and your independence are worth working for!

But let them once be tainted by the sharp practices of unfair trade and time inevitably will prove the fullness of your bondage. The very

things you treasure in your work will vanish.

Worth trying to improve? Yes, for no man and no business can stand still. There can be only progress — or the slow decay that leads to failure. Education. Work. Service. These spell Progress!

★

Unnumbered men with dreams, trapped by the circumstance of dull labor, envy you today, envy your freedom, your independence, your opportunities. You, who have no cause to dream for what is yours already, have double cause to work with pride to build a stronger, better American Agency System.

You, too, may well be men with dreams!



THE LONDON ASSURANCE GROUP

★

THE LONDON ASSURANCE

THE MANHATTAN FIRE AND MARINE

THE UNION FIRE, ACCIDENT AND GENERAL

★

99 John Street, New York, N. Y.

Texas Fire Rate Reduction Is Set for Sept. 1

(CONTINUED FROM PAGE 4)

Full information was given the probers at the first hearing, and in addition a good deal more facts which enter into rate making. They were told what company premium incomes were for the last several years, what commissions were paid to agents and how these are divided between local and general agents, what loss ratios and operating expenses have been. They were advised the board has under consideration the extending of maximum credits for good fire records to smaller towns, from 15 to 25 percent.

As an answer to charges made in the house during discussion of fire insurance rates, that there had been no reductions in Texas in 25 years, Fire Commissioner Hall said there had been two 10 percent reductions in the past two years, and with the third one coming the total would be 30 percent. That added to credits for good fire records brought the total reductions to 35 to 45 percent in many towns in Texas. The commissioner said that with the proposed rate cut the reductions in rates for the past two years had reduced premium income of fire companies in Texas about \$6,000,000.

It is reported the investigating committee will recommend to the state board, which meets soon to allot moneys to various departments, that the insurance department be given more money

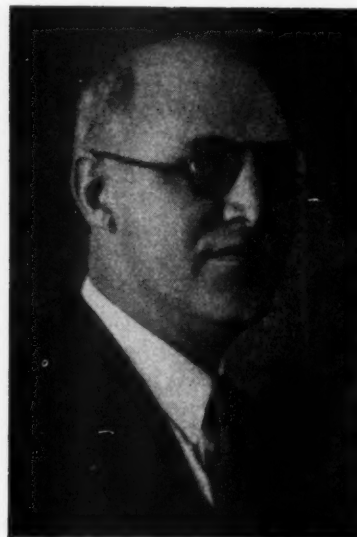
for operating expense. The legislature recently cut appropriations for departments and the governor blue penciled about \$80,000 in items for the department. This left the department without a sufficient staff to make surveys for rating purposes, push arson investigations, prosecute offenders of various kinds or otherwise operate efficiently.

Commissioner Hall told the investigators there were large cities in Texas, such as Houston, that had not been re-rated in a dozen years because every year the legislature cuts appropriations for such purposes. He said such parsimony cripples the department in rate making functions and leaves it to rely at times on unreliable information. Many towns where rating surveys have not been made may be entitled to lower rates or may need increased rates, but the department could not ascertain the facts without sufficient appropriation. He said the commission so far has assessed a maximum of 6/10ths of 1 percent, against a statutory maximum of 1 1/4 percent.

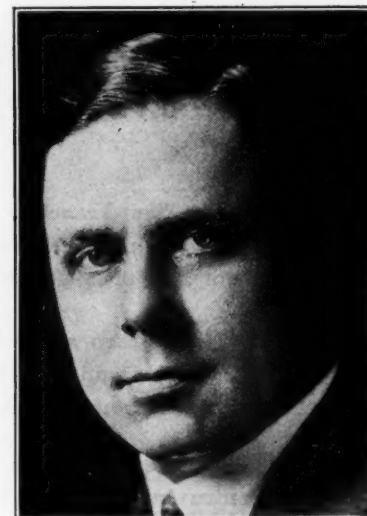
One of the witnesses before the committee was H. D. Satterfield of Austin, representing the Texas State Firemen's & Fire Marshal's Association, chairman of its fact-finding committee and editor of its publication. He said the association demanded a flat 10 percent fire rate reduction and at least 10 percent reduction in Schedules 23, 46 and 47, pertaining to dwellings in incorporated towns, mercantile buildings and mercantile building contents.

In the nine years prior to 1933, Satterfield said, Texas fire losses were

To Conduct Group Parleys at Boston



H. D. HOLMES



L. C. HILGEMANN

Two of the leaders of the group sessions on agency management at the Boston convention of the National Association of Insurance Agents will be H. Donald Holmes of Summit, N. J.,

and L. C. Hilgemann of Milwaukee. Mr. Holmes is president of the New Jersey Association of Underwriters and Mr. Hilgemann is one of the most important insurance men in his state.



"Don't cry little goil—
ain't dey insured?"

When you are awakened in the middle of the night and find a burglar looting your bureau, don't waste time by crying. You could laugh instead, if you had taken your insurance agent's advice and bought that All-Risk Jewelry floater from him

THROUGH

APPLETON & COX INC.
111 JOHN STREET - NEW YORK
Marine Insurance Underwriters
AGENTS OR BRANCHES IN PRINCIPAL CITIES

never below \$15,000,000 a year, while since that time the average has been much lower and last year totaled only about \$7,500,000. He contended the loss ratio on the three classes in which the association had especially sought decreases were 30, 43 and 47 percent, respectively.

Finds Expense Factor High

He found no fault with the formula allowing 5 percent for underwriting profits, but asserted 40 percent for expenses was too high, especially since the Texas insurance department does all the rating.

Commissioner Waters testified lack of personnel had seriously hampered his administration of workmen's compensation, automobile and title insurance regulation. There is no means, he said, of checking to determine if companies are adhering to rates.

"Four casualty companies have gone bankrupt since I have been commissioner. Our inspectors found them insolvent and closed them, but if they had been properly supervised and the rates enforced, that would not have happened. Thus a great number of people suffered and lost their insurance because we, operating from taxes paid by companies, can not check them as we should." The department needs a crew of inspectors who are experts on underwriting, he said, but that was denied by the legis-

lature. The governor also reduced the department's funds by vetoes, he said.

Price K. Johnson, Houston, presented statistics showing how a ten-year experience basis would affect insurance rates. The basis now used is five years. Commissioner Hall said the commission had considered the ten-year basis.

Mr. Hall said that to raise the good fire record credit in towns of \$1,500 to \$20,000 annual premium volume from the present maximum of 15 percent to 25 percent, as proposed, would reduce premium income an estimated \$246,000 a year. Towns and cities with more than \$20,000 premium volume have been allowed a maximum 25 percent credit.

Des Moines Agents Plan Stag

DES MOINES—The Des Moines Association of Insurance Agents will hold its annual summer party Aug. 8 at the Wayside Inn, with a chicken dinner to be followed with social entertainment in the evening. The association formerly held an annual picnic, but after it was discontinued last year, it was decided to hold a stag party. Glen Wallace of Harry Wallace & Co., and Joe Hunter of the Polk County insurance agency, will be in charge.

The factory mutuals have opened an inspection department in the Johnston building, Charlotte, N. C., under the direction of J. K. Griffin, covering most of the south.

MARSH & McLENNAN

INCORPORATED

INSURANCE

Federal Reserve Bank Building • 164 West Jackson Blvd., Chicago

NEW YORK
BUFFALO
PITTSBURGH
CLEVELAND
COLUMBUS
DETROIT
INDIANAPOLIS
MILWAUKEE
MINNEAPOLIS
DULUTH
PHOENIX
SAN FRANCISCO
LOS ANGELES
PORTLAND
SEATTLE
VANCOUVER
MONTREAL
BOSTON
ST. LOUIS
LONDON

COPYRIGHT 1932 BY INS. CO. OF NORTH AMERICA

Everybody believed the earth was flat...until Columbus proved otherwise. Many people still assume that business is flat in the summertime . . . but every day alert Agents are proving that insurance sales are to be had by those with energy enough to go after them. Fire and other hazards don't "lay off" during warm weather; people still need insurance . . . and will buy it when it is persuasively suggested to them. North America Agents are supplied with advertisements, folders, sales letters and other helps to thaw out summer sales.

See our advertisement in the Aug.
14th issues of Life and Time and
Aug. 5th issue of Business Week.

INSURANCE COMPANY OF NORTH AMERICA

PHILADELPHIA

and the

INDEMNITY INSURANCE CO., of NORTH AMERICA

Write practically every form of insurance, except life.

Founded 1792

Capital \$12,000,000

Surplus to Policyholders Over \$73,000,000

EDITORIAL COMMENT

Learning the Art of Tolerance

CARL VAN DOREN's new Life of BENJAMIN FRANKLIN may not contribute any great amount of additional material but it is a resume of what has been written about this distinguished American together with some refreshing comment on the activities of a very busy life. As one again peruses the pages recording the manifold accomplishments of this man he cannot but feel that so far as versatility of talent and attainments are concerned he is yet our foremost American.

Running through all he said and did there is ever a rich vein of philosophy. He was a man of erudition as well as a diplomat and statesman, a sage as well as an inventor, a man of wisdom as well as a scientist, a savant as well as a printer, an epigrammist as well as a man of affairs.

BENJAMIN FRANKLIN never lost sight of a lesson to be learned. He was successful in his dealings with statesmen and diplomats because he was tolerant of their views. He appreciated the gentle art of compromise.

One of the last contributions that FRANKLIN made to this country was his work in connection with the constitutional convention that sat in his home town of Philadelphia. He did not write the constitution. Others had far more to do with the drafting of it than he. However, FRANKLIN was the man who brought the warring, selfish, suspicious, ambitious representatives of the various states together. He advocated at all

times a sympathy and understanding, a feeling of respect for the views of the other man if they were sincere. When the draft of the constitution came up for adoption there was grave doubt as to what the ultimate would be. Speaking in a reverential and friendly tone, he said:

"I confess there are several parts of this constitution which I do not approve but I am not sure I shall never approve them, for having lived long I have experienced many instances of being obliged by better information or fuller consideration to change opinions even on important subjects, which I once thought right but found otherwise. It is, therefore, that the older I grow the more apt I am to doubt my own judgment and to pay attention to the judgment of others. Most men, indeed, as most sects of religion think themselves in possession of all truths. But though many private persons think almost as highly of their infallibility as of that of their sect, few express it so naturally as a certain French lady, who in a dispute with her sister said, 'I don't know how it happens but I meet with nobody but myself that's always in the right.'"

In our insurance conferences and associations those that lead, those that impress, those that do constructive things are always willing to give ear to men who differ with them. They never become intolerant or dictatorial. There are often even more than two sides to a question.

Agents on Sounder Financial Basis

FIRE and casualty companies recognize the fact that local agents as a body are in much better shape than they were following the financial crash that started the latter part of 1929. Hundreds of agents had become careless in extending credit. They did not conduct their business according to a system where they could tell what their situation was at any particular time. Field men report fewer delinquents and in many states there may not be a trustee or committee

agency for some weeks. Agents find it highly desirable to study the business side of their own agency. They recognize the fact that they should be credit men and intelligent ones. Furthermore they should be successful collectors. They should not allow delinquent accounts to accumulate. In some cases agents were living beyond their own means. They have readjusted their budgets. Altogether the agency force is on a much more solid basis than ever.

Specialized Monthly Production

AN INTERESTING, systematic, consistent business producing plan has been inaugurated by the alert and forceful NORTH CAROLINA ASSOCIATION OF INSURANCE AGENTS. This might be called an application of sales ideas that were furthered at

its intensive insurance course that it offered earlier in the year. The organization is setting aside a certain type of coverage for each month urging members to center their fire on it, become well acquainted with it, get clearly in

mind the chief arguments and ascertain just how it fits in to a man's insurance program.

For instance, July was given to the individual property floater. August is assigned the extended cover endorsement and rents. In September use and occupancy will be featured. The NORTH CAROLINA FIELD MEN'S CONFERENCE unanimously approved the project and the

field men are giving it their earnest support. The casualty field men signified burglary insurance as the July specialty. Altogether this is a unique idea and reflects the growing sales consciousness that is found throughout the country among local agency ranks. It will mean more people more adequately covered and incidentally more money in the agents' pockets.

PERSONAL SIDE OF THE BUSINESS

George W. Blossom, chairman of the board of Fred S. James & Co. of Chicago, who some months ago had a stroke at his home in Pasadena, Cal., is now gradually recovering although his speech has not been restored. His mental faculties are as alert as ever. He takes an automobile ride every day and can walk around to some extent.

W. E. Mallalieu of New York City, general manager of the National Board, has returned from a vacation in England. He was accompanied by Mrs. Mallalieu.

R. L. Bowen, former Ohio insurance superintendent, is now located at Columbus, O., instead of Cleveland as previously reported.

The announced candidacy of A. M. Brown, Jr., partner with his father, A. M. Brown, Sr., in the Pacific Coast general agency of Edward Brown & Son, for mayor of San Francisco, recalls an amusing incident that occurred during the visit to this country of the Crown Prince and Crown Princess of Sweden some years ago. Mr. Brown, the younger, was introduced to their royal highnesses, as a representative of the Svea Fire. Because of such connection the prince naturally assumed Mr. Brown could speak the Swedish language and addressed him in that tongue; being somewhat chagrined when Mr. Brown replying admitted his ignorance of any but his native English.

T. E. Braniff, his wife and daughter Jeanne, are sojourning for the summer at Carmel by the Sea, Cal.

B. C. Lewis, Jr., vice-president Virginia Fire & Marine, has been under treatment at a Richmond hospital for a kidney ailment.

Norman T. Robertson, formerly president of the Continental, was a Los Angeles visitor.

Harold V. Smith, president of Home of New York, with Mrs. Smith and their daughter, is on a cruise to the Hawaiian Islands. On his return this fall, he will hold several conferences with Pacific Coast officials in connection with his duties as president of the Inland Marine Underwriters Association.

P. H. Midyette of Tallahassee, Fla., member of the National Association of Insurance Agents executive committee, is now in Piedmont Hospital at Atlanta, where he will be for several weeks for treatment and observation. He expects to be out in time to attend the annual meeting in Boston the first week in October.

J. Davis Ewell, Richmond, Va., local agent, former president Virginia Association of Insurance Agents, and his son,

J. Davis, Jr., will compete again this year in the father-and-son golf tournament Aug. 21, sponsored at Richmond by the "Times-Dispatch." They were winners of the tournament in 1937. Last year they were beaten by only one stroke.

R. P. Littlejohn, who founded his agency in Marshall, Tex., in 1881, and who is still active, was honored at a banquet given at a joint meeting of the Rotary, Kiwanis and Lions Clubs, to honor his 88th birthday.

DEATHS

William Richardson died at Little Rock, Ark., and the remains were taken to his old home in Plymouth, Ind., for interment. He was 70 years of age. He was a brother of the late Charles Richardson, who in his day was assistant western manager of the National of Hartford. He was an uncle of C. J. Richardson of Marsh & McLennan's Chicago office. William Richardson was an examiner in the western department of the National Fire and then he transferred to the western department of the Greenwich Fire of New York when J. P. Hubble was manager. He then took up rating, starting with the Illinois State Board and learning the Dean schedule under C. F. Persch, the secretary. He was sent to the Arkansas bureau and there he worked until he retired a few years ago.

John Burke, 68, Dallas adjuster since 1915, died of a heart attack in a hospital. He was in the insurance business 38 years, having operated a local agency at Fort Worth until 1913, when he joined the Houston general agency of Cravens & Page, now Cravens, Dargan & Co. Two years later he moved to Dallas as adjuster for and a partner in the old Southwestern Adjustment Company. John L. Burke, one of two surviving sons, is with Travelers in Dallas.

John T. Truman, 61, prominent agent of Hamilton, Ont., and past president of the Ontario Fire & Casualty Insurance Agents Association, died.

William M. Reed, Ohio state agent Northern of England group, died of pneumonia at his home in Cleveland. The funeral services were held Tuesday in Lakewood.

N. J. Bennett, a partner in the Chicago agency of Critchell, Miller, Whitney & Barbour, died Sunday night at his home in Evanston, Ill., after an illness of five weeks. He had been with the firm since Nov. 10, 1903. Prior to that he conducted his own agency.

Mr. Bennett was born in Chicago,



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Aug. 20, 1867. He entered the local agency of Hopkins & Hasbrouck and successively that of A. H. Barrow and the city office of the Northern Assurance. He was in insurance excepting 15 months which were spent as a clerk in the general freight offices of the Chicago & Grand Trunk Railway.

He is survived by three daughters and one son.

W. E. Brown, head of the Brown General Agency of Seattle, died suddenly at Garberville, Cal., being 47 years of age. He had been in good health. He had been in the business for 17 years. He and his brother, Edward M., established the general agency in April, 1934.

Spann W. Milner, superintendent of the special service department of the southern department of the Hartford Fire at Atlanta, died of a heart attack at Columbus, Ga., early August 1. He was related to the prominent Whitner insurance family of Atlanta. He was welder of the Georgia Blue Goose.

Fred C. Andretta, 53, member of Lowery, Andretta Company, Great Falls, Mont., died. He had been ill for three years.

F. H. Nauer, 82 years old, for years a local agent in North Vernon, Ind., died there.

Ray E. Fisher, 49, Bellefontaine, O., local agent, is dead. He was formerly city treasurer and was in the baking business before engaging in insurance.

N. Y. Executives Are Being Questioned This Week

(CONTINUED FROM PAGE 3)

edge of the suggested settlement of the Missouri case, was in May, 1935, when in response to a telephone call from P. L. Haid, president Insurance Executives' Association, he attended a conference in the rooms of that body. Aside from Wilfred Kurth, then president of the Home group, and Mr. Street, he could not recall who was present. He estimated there were about 15 persons on hand. Mr. Street, he said, spoke in a general way about the litigation, saying the matter could be better handled by one person, than by a group; adding that he perhaps was more familiar with its many aspects than any other, and proposed he be authorized to conduct the negotiations. There was no mention of any particular sum that would be required for expenses, nor did Mr. Barbour then or at any other time, he declared, authorize Mr. Street to act for his companies.

Mr. Barbour made no particular effort to inform himself as to developments in the litigation, being so "fed up with the whole matter," that he would have welcomed a settlement upon almost any basis. Though expressing his entire willingness to give the investigators all information within his power, Mr. Barbour pointed out that the litigation stretched over several years, and that he could not recall many of the particulars.

Mr. Lane who was taken over pretty much the same ground as had been pre-

viously traveled by Mr. Barbour, stated that his knowledge of the Missouri case, both initially and in its developments was gleaned from the insurance press and from letters from A. F. Powrie, western manager of Fire Association.

Mr. Hollingsworth quoted from a letter addressed by Mr. Street to Mr.



O. E. LANE

Powrie, in which the latter was told that Mr. Street had explained the latest plan for settling the rate case to Mr. Lane at a meeting at White Sulphur Springs, and the latter was agreeable to Mr. Powrie's contributing the desired \$1,700 to the additional expense fund.

Testimony of Brady

The first positive information Mr. Brady had of the famous litigation, he said, was in 1936, when J. D. Erskine, secretary of Insurance Executives Association, called at the office of Merchants, handed him a check for 11 percent of the company's share of the impounded premiums and asked for and received in return the company's check for 5 percent to cover other "legal expenses."

A point to which the state representatives constantly harked, was whether the company men were not curious as to the necessity for an additional 5 percent expense contribution, when they knew that 30 percent of the total impounded premiums had previously been set aside for expenses. Each response was that confidence was had in Mr. Street and no questions were asked as to details.

Breen Got Call From Haid

Mr. Breen did not attend any conferences at which the Missouri case was reviewed, he stated. His contribution of 5 percent was made upon the request of President Haid of the Insurance Executives Association. While he knew Mr. Street, Mr. Breen said he had never discussed the Missouri case with him.

It developed that all officials queried Monday had supplied the federal grand

jury at Kansas City, with copies of complete records on file in their offices bearing upon the case; and they gave assurance that no letters or other data had been destroyed.

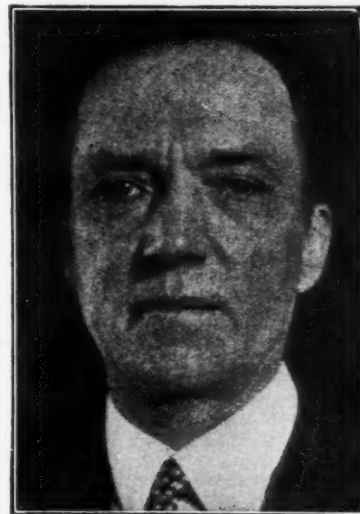
TUESDAY'S HEARING

Having recovered from the indisposition which held him at the hotel Monday, Mr. Barnett was in charge of the sessions the following day, and expects to officiate throughout the remainder of the hearings, which may be concluded here Friday. Mr. Barnett intends first to consider the position of the companies as a whole, and then that of each individual office. He is anxious to file his report Oct. 1, as directed by the court, if at all possible.

Witnesses at Tuesday's sessions included a number of leading officials who would qualify under the late C. R. Street's characterization as the "big boys down east." The first to take the stand and be questioned was W. H. Koop, president Great American. He was followed in turn by Wilfred Kurth, chairman of Home; J. R. Van Horn, secretary Globe & Rutgers; H. T. Cartledge, deputy United States manager Royal-Liverpool; F. W. Koeckert, United States manager Commercial Union; T. C. Moore, vice-president Potomac; R. R. Martin, U. S. manager Atlas; Fred A. Hubbard, president Hanover; Oswald Tregaskis, U. S. manager Sun, and C. A. Sardell, secretary Stuyvesant.

Some Questions Propounded

To each of the witnesses the same questions were propounded, namely: "Did you attend a confidential meeting at the office of the Insurance Executives Association, early in 1935, called by P. L. Haid, president of the body, and hear



R. P. BARBOUR

from C. R. Street the status of the Missouri litigation? If you did attend what did Mr. Street say as to the desirability of raising an additional \$100,000 and for what purpose? Why, since 30 percent of the \$9,000,000 impounded premiums had been set aside from which expenses



W. H. KOOP

were to be met, was an added sum required? And, did you ever make an effort to learn whether any part of the expense contribution by your company was used to corrupt public officials or others in connection with the case?"

Attendance at the famous meeting, it developed, was limited, the desire being to secure speedy response to Mr. Street's request. Most of those questioned declared their complete confidence in Mr. Street's ability and honesty and their willingness to give him the support he sought.

Notably interesting was the testimony of Mr. Koop, chief executive of the companies of which Mr. Street was western manager up to the time of his death. After reciting as a prelude the dominating characteristics of Mr. Street and his insistence he be free from interference to carry through whatever task was assigned him, or which he assumed, Mr. Koop stated that in May, 1935, Mr. Street feared the satisfactory conclusion of negotiations for the refunding to the companies of the impounded premiums then pending might be upset, and asked for \$100,000, with which to defray anticipated further expenses.

Koop Agreed to Contribution

No indication as to their nature was given. At the meeting in the Executives office, Mr. Koop agreed to authorize a contribution of \$10,000 which was paid through Mr. Street's office to R. J. Folonie. Some \$50,000 in all was raised at New York apparently, the remaining amount being collected from companies in Hartford and other centers. Mr.

(CONTINUED ON PAGE 21)

COOLING-GRUMME-MUMFORD CO., INC.

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The NATIONAL UNDERWRITER

August 3, 1939

CASUALTY AND SURETY SECTION

Page Fifteen

Ohio Casualty Buys Control of Pa. Indemnity

Purchases All of Outstanding Stock of the Philadelphia Auto Writer

Ohio Casualty has purchased all of the outstanding stock of Pennsylvania Indemnity of Philadelphia and has acquired control. B. D. Lecklider, president of Ohio Casualty, becomes president of Pennsylvania Indemnity as well. He takes the place of Thomas B. Donaldson, former insurance commissioner of Pennsylvania, who went with the Philadelphia concern early this year. The new management intends to continue the operations of the Philadelphia company with the existing personnel and from the Philadelphia office.

Pennsylvania Indemnity as of June 30, 1939, had assets of more than \$2,800,000, and during 1938 it had premium income of more than \$2,000,000. The combined assets of Ohio Casualty and Pennsylvania Indemnity now exceed \$10,500,000 with an indicated annual premium income of about \$8,000,000.

J. I. Scott of the Ohio Casualty organization has been elected executive vice-president of Pennsylvania Indemnity and temporarily will have active charge of operations of the Philadelphia company. D. E. McKinney of Ohio Casualty becomes vice-president of Pennsylvania Indemnity and Howard Sloneker, secretary of Ohio Casualty, takes the same position in Pennsylvania Indemnity. Robert E. Moore continues as assistant treasurer of Pennsylvania Indemnity. Walter Moses continues as a director and chairman of Pennsylvania Indemnity. John A. Slemmons continues as a vice-president and a director. The new members of the board are Howard Kinsey, George E. Conlin and Messrs. Scott, Sloneker and Lecklider.

Pennsylvania Indemnity operates in Pennsylvania, Maryland, Delaware, District of Columbia, New Jersey, Ohio, Virginia and West Virginia.

Pennsylvania Indemnity's writings have been almost exclusively in the automobile field. It writes full coverage automobile in conjunction with the affiliated Pennsylvania Indemnity Fire.

Ignatius & Stone, New York attorneys, represented Ohio Casualty in the negotiations.

Drive for Auto Business

MINNEAPOLIS — The drive to "get on the books" the large number of motor car owners who are not now carrying insurance is meeting with undoubted success, reports Ward Senn, who is leading this movement among local agents in the state. He says local agents in the Twin Cities, Duluth and some other parts of the state are advising that they are writing more of this business since the lower rates went into effect June 1.

Roosevelt Views Suretyship

Article Appearing in National Underwriter 18 Years Ago Tells Why President Entered Insurance

In the March 24, 1921, issue of THE NATIONAL UNDERWRITER an article was recently discovered headed: "F. D. Roosevelt tells why he chose the surety field in preference to other lines of business." It reads:

"Importance of Surety Field—F. D. Roosevelt Tells Why He Chose It in Preference to Other Lines of Business."

"Franklin D. Roosevelt, who is now associated with the Fidelity & Deposit in its New York metropolitan department, was asked recently by THE NATIONAL UNDERWRITER for the reasons which induced him to enter the surety field in preference to any other business. Mr. Roosevelt has been a national figure for several years, being assistant secretary of the navy during the Wilson administration and the Democratic candidate for vice-president in the last national campaign. A lawyer by profession, he is accounted an excellent business man, as well, and his statement is of especial interest as giving the business man's point of view in regard to the surety field. Mr. Roosevelt said:

"I was informed by friends, after the Fidelity & Deposit had invited me to take charge of its activities in the metropolitan district, that I would find the surety business an absorbing and interesting pursuit because of its national scope. I realize that it is intimately related to and bound up with finance and industry in the United States. The problems of the surety man are akin to those of the banker. The progressive surety company keeps abreast of business, and links up many industries and callings.

In Touch with Every Calling

"I see the surety company in touch with almost every profession and calling, standing ready to assist the lawyer in his important public duties, and serving to bring the business man and the contractor together. Very often its function is to set the seal of security upon an undertaking of great public significance. When Governor W. P. G. Harding of the Federal Reserve Board was on his way to New York City to attend a recent dinner, held by the Fidelity & Deposit, he was asked what he thought of the surety business and its relationship to the economic world. He espoused the principle of corporate over personal suretyship and stated that never before has it been so necessary for the banker and the surety man to cooperate. The role of each at present is a most unusual and vital one, he stated. I am in complete accord here with my friend Governor Harding. He sees the surety business in its finest and most scientific aspects, as I hope I do.

Important in Fiduciary Capacity

"It seems to me, also, that the surety company is just as important in its fiduciary capacity, as any other American institution. Here it touches the interests of the individual and the corporation most intimately.

"As a balance wheel in industry, the surety company is doing vital work. It

encourages real progress and constructive work, but on the other hand its investigations, preliminary to the execution of a bond, prevent a great deal of dangerous financing and wasteful effort.

"There is another aspect of suretyship important enough to be emphasized, especially at this time, when crime is so prevalent. The surety company safeguards the employer and acts as check upon dishonesty. It is an ally of the law as well as of industry.

Element of Speculation Absent

"I was drawn into this field because I saw that the element of speculation, which enters into so many classes of business, is absent here on account of the careful inquiry that is made into the financial resources and moral worth of the applicants for bonds.

"The surety company, in short, is a public utility and at the same time comes very near practicing an exact science.

"Finally, the long and honorable record of the F. & D. and the efficient manner in which it is organized and operated were important factors in helping me to make up my mind about the post which was offered to me.

"It seems fitting to add a word regarding the prospects for 1921. I think we have reason to look forward to better insurance business for the next 12 months. In the last few months of 1920, the American business man was given a lesson in the value of caution. He encountered stormy weather and he now sees more clearly than ever before the importance of insurance and surety."

Lucas, Houck Not to Speak

R. B. Lucas, insurance superintendent of Missouri, has had to cancel his engagement to give an address at the annual meeting of the International Association of Insurance Counsel at Hot Springs, Va. Mr. Lucas finds that his time is so occupied with the hearings being conducted in the Missouri fire insurance rate case, that he is unable to give attention to much else.

It was stated that S. B. Houck, member of the standing committee of the American Bar Association on the unauthorized practice of law, was to address the annual meeting of the International Claim Association at the Westchester Country Club, Rye, N. Y., Sept. 11-13. Mr. Houck has been taken seriously ill and it is at present uncertain whether he will be able to speak at the convention.

Oklahoma Bus-Truck Law in Effect

OKLAHOMA CITY—The new state law requiring public liability and property damage coverage on inter-city trucks and buses became effective July 29, affecting some estimated 10,000 such trucks and buses. The new law will be administered by the corporation commission which also has jurisdiction over other statutes affecting trucks and buses.

The commission will issue identification tags and will also issue certificates showing that the operator of each truck and bus has complied with the law. The certificate fee is 50 cents.

Strive to Elevate Casualty General Agent's Stature

Fire Group Again Appeals to Companies to Make Distinctions

The American Association of Insurance General Agents has sent a new communication to executives of casualty and surety companies, requesting their support in furthering the program to cause the title of general agent in the casualty business to become more distinctive. Along with this request, is sent a copy of the communication that was sent to the same executives last October on the subject. Reference is made to the fact that at the recent annual meeting of the general agents in San Francisco, the association decided against changing its name to the American Association of Managing Underwriters.

"The members of our association, which is composed of supervising general agency officers not engaged in the local business either directly or indirectly," the message declared, "feel that we should not abandon our honorable title despite the fact that it has long been used by casualty companies to designate local agents receiving the top commission scale. We have decided to retain our title and continue our efforts to have the casualty companies designate their top commission local-writing agents by some other title than general agent."

October Message Recalled

The message of last October urged the casualty and surety companies to provide for the appointment of strictly supervising and managerial offices which may be designated as general agents and define general agents very much in the same way that the fire insurance companies have done and make it compulsory that no such general agency office shall engage directly or indirectly in the local business.

That letter stated that the remuneration of such managerial and supervising offices should be a matter of private contract between the individual companies and general agents, no more subject to commission acquisition cost rules than the salaries of home office executives.

Independents Are Strangled

"It seems to us as though the present rules were designed for the strangulation of independent supervising general agency offices by making no provision for the remuneration of such offices for their services, while leaving the companies which choose to set up a company-operated supervising office in a specific territory, entirely free to do so," the October bulletin states. "A company supervising office can pay to agents under its jurisdiction the several scales of commissions provided for, including in many cases so-called general agency

commissions, and the company is paying all of these commissions plus the cost of operating its supervising office. In many cases this cost is higher than would be the case if the same company were to appoint a supervising general agency, allow that supervising general agency to pay the same commissions to producing agents and in addition thereto, pay the supervising general agency for its services in developing the field and supervising the business.

"The supervising general agency office being responsible for all agency balances, saves its companies any cost through loss of balances, saves its companies the cost of social security taxes and during periods of business recession costs its companies no more percentage-wise on premium dollars written than during the most prosperous times, since its entire cost is governed by the volume of business written at all times."

LANAGAN ON COMPANY POOLS

Fred R. Lanagan of Denver, president of the American Association of Insurance General Agents, offers comment on the editorial of July 20 referring to the position of the general agents association in regard to company pools. He refers to the statement in the editorial that general agents are not paid an overriding commission on pool business and that this has been a source of considerable dissatisfaction with them.

"While I have no doubt that this statement is largely correct," Mr. Lanagan states, "at the same time I do know that some companies recognize their general agents on all business written through pools operated in the territory under the jurisdiction of the general agents. Our general agency is so compensated in several instances and consequently my own personal opinion that the formation of company pools is not the ultimate answer to the competitive situation as it has developed under the American agency system would not seem to be 100 percent selfish.

"Your editorial fairly presents both sides of the picture and my only object in writing you is to bring out the fact that at the present time some of the companies are recognizing the general agents on business written through pools of which they are members."

Name Speakers for Counsel Federation

The program is announced for the convention of the Federation of Insurance Counsel at Rye, N. Y., Aug. 28-30.

The speakers are: Superintendent Pink of New York on "Proposed Plans of Automobile Insurance"; Sterling Fierson, counsel Equitable Society, "Some Effects of the New York Code Upon the Law Relating to Life Insurance"; A. Pearley Feen, home office counsel and director Burlington Mutual Fire, "The Standard Fire Insurance Contract—An Anomaly"; E. W. Sawyer, attorney National Bureau of Casualty & Surety Underwriters, "Surety Litigation"; H. Beale Rollins of Baltimore, "Defending Automobile Negligence in Federal Courts."

On the first night a dinner dance will be held at the Beach Club. One afternoon will be devoted to a golf tournament.

William J. Maloney of Rochester, N. Y., is chairman of the entertainment committee; William A. Porteous, Jr., New Orleans, is chairman of the golf committee, and Mrs. George Burns, Rochester, heads the hostess committee.

New Amsterdam Boosts Dividend

New Amsterdam Casualty has declared a dividend of 37½ cents payable Oct. 1 to stock of record Sept. 1. This is an increase of 5 cents over the dividend declared six months ago.

I. R. Clapp of Clyde, O., has changed the name of the Tiffany & Clapp Agency to the I. R. Clapp agency. Mr. Clapp has been operating the business since the death of Mr. Tiffany, several months ago.

Takes Issue with Interpretation of Decision

J. H. Braun, secretary and general counsel of the Chicago Motor Club, writes as follows concerning an editorial "Partnership Liability of Reciprocals" in the July 13 edition:

"My connection with one of the nation's largest reciprocal companies and familiarity with the subject of reciprocal insurance prompt me to point out certain misstatements which appeared in your issue of July 13. I refer to the article entitled Partnership Liability of Reciprocals, at the head of the column Editorial Comment, and the references therein to the case of Republic Underwriters v. Meyer, 127 S. W. 2d (Adv. Sheets) 538, (Tex. Civ. App., 1939).

"The opening paragraph of the article contained a short discussion of whether or not a member of a reciprocal company is liable for the debts of the company. The paragraph leaves an unauthentic impression by implying that there is a preponderance of legal authority holding members of a reciprocal company liable as partners. In states where reciprocals operate and are regulated by statute, subscribers are liable only to pay the amounts named in their policy contracts, and if the contracts provide for no contingent liability then the subscribers have no such obligation. There are perhaps a few cases, found in the early history of reciprocal insurance, which have leaned in the contrary direction in the absence of statute. They are analogous to the cases, decided when the law of corporations was in its infancy, which held that members of a corporation were liable for the company's debts. We know that such is no longer the law. Nowadays, policyholders in mutual companies, stock companies and reciprocal companies are fully protected by law against any liability of the kind suggested by your editorial. Among the cases in this country, the supreme court of Indiana held, in *Wysong v. Automobile Underwriters, Inc.*, 204 Ind. 493, 184 N. E. 783 (1933), that it was legal for a policy issued by a reciprocal to provide against any contingent liability. At page 787 (184 N. E. 783, at 787), the court said:

Right of Limited Liability

"Any other construction of the act as to this provision would destroy the important and essential feature of reciprocal insurance—the right of limited liability."

"The court held that this rule protected subscribers both as among themselves and against third persons. At page 788, the court said:

"Applying the law, as we find it to be from the foregoing authorities, to the facts in the instant case, we are of the opinion that third parties are held to have had notice of and bound by the terms of the power of attorney executed by the subscribers and on file in the office of the state auditor, and that the attorney in fact has no authority to create a liability against the subscribers beyond the limitations of the power of attorney."

"For a reference to the laws of other states, see the annotations to the sections on reciprocal companies, in the Illinois State Bar Association's recent book, the Illinois Insurance Code Annotated. The annotation to section 75 contains material on this point.

Liability of Policyholders

"The second paragraph of the editorial cited the case of Republic Underwriters v. Meyer as tending to support the article's conclusions concerning liability of policyholders. The case has no bearing whatsoever on the point discussed in the editorial. The editorial stated, in effect, (a) that policyholders in reciprocal companies might be held liable to pay company obligations, and (b) that it is dangerous to become associated with a legal entity, and the Republic Underwriters case was cited in support of

those statements. Actually, neither of these points was involved in the case. There were only two defendants—the company, Republic Underwriters, and A. B. Shoemaker, the attorney in fact. No subscribers were involved as defendants in the case.

"Briefly, the substance of the Republic Underwriters case is this: The company had sold a policy of fire insurance which it had not been legally authorized to issue; when a loss occurred, the company refused to pay, claiming illegality in the formation of the policy contract; the court held that such a defense was not valid and rendered judgment against the company and the attorney in fact, the agent who had issued the policy. The court's decision, of course, was right, and the same result would have been reached if a mutual, stock, Lloyds or other form of insurance carrier had been sued and had interposed a like defense. The subscribers were not being sued, and the legal points raised in the editorial were neither presented to nor considered by the court in the Republic Underwriters case.

Uses Word Corporation

"It is interesting to note that the court referred to the company as a corporation, in these words (127 S. W. 2d, Adv. Sheets, 538 at 544):

"Aside from that statutory provision, under principles of the common law, Shoemaker was personally liable for his participation in the wrongful act of the corporation."

"This clearly shows that the court was dealing with the company as a unit, not with any individual subscribers.

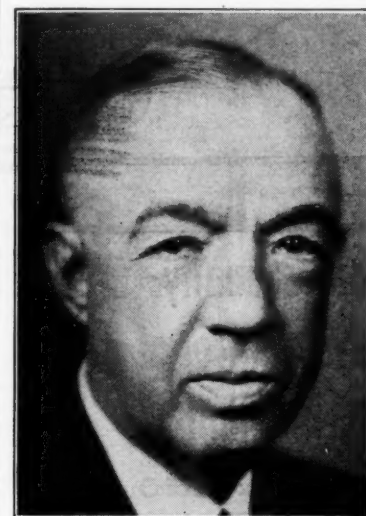
"In suggesting that the Texas decision imposed a partnership liability, or any other kind of liability, on the policyholders, your editorial has gone far afield.

"Another misconception found in the editorial is the belief that it is dangerous to become associated with a legal entity. I assume that the writer of the editorial did not intend to create the impression which is actually made by his use of the term legal entity. When he employed the term legal entity he probably had in mind the idea of a partnership, the members of which are jointly and severally liable for the partnership obligations. In choosing this expression he probably acted unwittingly, forgetting for the moment that a legal entity is a legal person, distinct from the individuals which compose it, such as a corporation or other type of organization recognized and sanctioned by statute.

"Reciprocals, mutuals and stock companies are all legal entities. Each company is a person, separate from its policyholders. The company, not its policyholders, is made liable for the payment of judgments. There was a time, far back in the early history of corporation law, when all members of a corporation were liable for the company's debts. This rule was soon discarded. At present, when several individuals organize a new legal entity—stock, mutual or reciprocal company—the new person is liable for all judgments, and the members are liable for nothing beyond the amounts they have agreed to furnish toward supplying the company with funds. Millions of people would be astonished at being told that their association with a legal entity was a danger to them. They have, for a long time, and rightly, considered it their protection.

"After a review of the matter, you will no doubt agree with me that the Republic Underwriters case is not authority for the conclusions set forth in your editorial, that there are recognized decisions denying the liability of subscribers asserted in the editorial, and that statutes exist which expressly provide that there shall be no liability imposed upon reciprocal policyholders except for the payment of their premiums."

Was Feted



CLAUDE W. FAIRCHILD

A complimentary luncheon by the Mountain States Casualty & Surety Association of Denver, was tendered C. W. Fairchild, general manager of Association of Casualty & Surety Executives. He gave a talk upon the activities of the "Executives," and what the organization had planned for the future, as well as a resume of its history and inception. It forms a point of contact between public opinion and the business, and maintains a public and agency relations department; one for national conservation, engaged in promoting safety; a claims bureau having in charge claim "repeaters"; casualty, surety and law departments; and a publicity bureau.

Commissioner Kavanaugh was an honored guest, and addressed the meeting on the operations of his department. Mr. Fairchild was a former insurance commissioner of Colorado, and has hosts of his old friends in Colorado. He left for San Diego where he will enjoy a brief vacation with his family.

Commissioner Kavanaugh, said: "The less legitimate insurance companies are interfered with the better for everyone concerned." Referring to the 694 page New York code which he has been studying of late with the view of making recommendations to the next legislature, Mr. Kavanaugh pointed out that in a state such as Colorado, the greatest need is not for more regulatory laws but for strict enforcement of those on the books. "Because possibly 5 percent of the companies operating are crooked, that's no reason why we should look on the other 95 percent as bandits and attempt to tie them hand and foot," the commissioner declared.

Canadian 1938 Premiums Increase

An increase in Canadian casualty premiums in 1938 and in loss ratio is reported by Superintendent Finlayson. Net premiums written, reinsurance deducted, amounted to \$37,552,257, and losses incurred, adjustment expenses excluded, were \$18,511,013, with a loss ratio of 49.29 percent, compared with premiums of \$34,585,727, and losses incurred of \$16,881,732 with a loss ratio of 48.81 percent in 1937.

U.S.F. & G.'s Summer School

BALTIMORE — Edward Bonifay, representative of Fisher-Brown, Inc., Pensacola, Fla., was elected secretary of the United States Fidelity & Guaranty school of insurance at a meeting of the 1939 summer class. The 31 members, largest in the history of the home office school, represent 20 states, Puerto Rico and two provinces of Canada. Graduation from the six-weeks casualty and surety course will take place Aug. 17, prior to the two-weeks fire and marine study course offered by the affiliated Fidelity & Guaranty Fire.

Fake Accident Ring Indictments Voted in Omaha

OMAHA—Fifty persons have been indicted by the federal grand jury here on charges of being members of a ring which has allegedly defrauded 43 insurance companies of about \$75,000 through fake accidents. The ring had been operating about six years, investigators said.

William B. Moran of New York, special agent for the Association of Casualty & Surety Executives, assisted in preparing the cases.

A total of 26 have been arrested, including most of the alleged ringleaders. Master of the ring, investigators said, is A. G. Bruner, Omaha real estate dealer. Most of the alleged ring are Omaha persons; some are from Fremont and Fort Calhoun, Neb.

Most of the accidents, investigators said, never happened. In all, 27 alleged accidents are involved. The victim car was usually bunted into a ditch by another car and the victims prepared for the hospital by members of the ring, it is reported.

Investigations here began last March, when insurance adjusters, comparing notes, were struck by the names that recurred in various accidents.

"Victims" Badly Mauled

Infliction of injuries often were more severe than victims expected. They were told they would be bruised and cut up a little and were instructed to simulate lower back injuries, usually undetected by x-ray examination, investigators said.

Actually, investigators said, some of the victims really were severely injured. Beatings were mainly on the back and kidneys. Some of victims, despite their protest, were struck 15 to 20 times over the kidneys, so that in some cases ribs were broken loose and kidneys dislocated, investigators said.

Some victims were beaten with garden hose, others cut with razor blades and broken glass. Some received black eyes, some broken noses, some dislocated shoulders, investigators said.

Victims were usually instructed as to the medical tests to which they would be subjected and the symptoms they should describe. These symptoms often led to the placing of the victim in a plaster cast from knees to shoulders, making examination difficult.

In addition to liability insurance on the "guilty" car, some victims had accident and health policies. In one case, investigators found, a victim had eight accident and health policies.

Victims usually got all the money from accident and health companies. Liability insurance—after medical and legal fees were deducted—were split 60 percent to victims, 20 percent to hitters and 20 percent to framers of the accident.

Washington Studies Auto Rates

OLYMPIA, WASH.—A hearing called by Commissioner Sullivan to consider Washington's automobile rate schedule was attended also by representatives of Casualty Insurance Association of Washington (bureau), Northwest Automobile Insurance Conference (non-board) and home office representatives. The conference was suggested by the governing committee of Insurance Agents League of Washington.

The department will issue a call soon for the five-year experience of all companies writing private passenger, public liability and property damage insurance in the state. Mr. Sullivan accepted the recommendation of all of the interests to call for the experience in an effort to determine whether present rates are equitable.

Earl L. Johnson, who was recently with the Newcomb Agency Company, has moved his new general insurance offices to 503 California building, Denver.

Immortalized



ROY TUCHBREITER

Executive Vice-president Roy Tuchbreiter of the Continental Casualty and Continental Assurance of Chicago is conspicuous in many ways. There are not very many insurance men that have a mountain peak, a river or even a creek named after them. However, up in the Lake Flambeau region in Wisconsin there is Lake Tuchbreiter, the name being taken from Continental's Tuchbreiter. This is one of the smaller lakes in the Lake Flambeau chain that is reached by arduous portage. President M. P. Cornelius of the Continental Casualty owns a place and has a summer home on Lake Flambeau. Mr. Cornelius, his famous guide, Mr. and Mrs. Tuchbreiter on a fishing trip finally reached this distant unnamed lake. The guide caught the largest bass that had been seen in that region. Mrs. Tuchbreiter in an effort to help reached out over the boat as the fish was drawn near, the line snapped and, of course, the bass got away. Roy Tuchbreiter exploded and spoke in seven different languages because of the loss. Immediately President Cornelius and the guide concluded that the lake should be immortalized and hence it is known in that region as "Lake Tuchbreiter."

Expect California Report Soon

LOS ANGELES—The attorney-adjuster situation was discussed at the meeting of the Casualty Insurance Adjusters Association of Southern California. It was reported that the committee of the California Bar Association had completed its report and that it would be published in the August number of the "Bar Journal." The report is expected to follow the agreement arrived at by the conference committee of the American Bar Association and insurance interests.

A committee was named to attend the annual meeting of the California State Bar Association in September for the purpose of safeguarding the interests of the association. James Brewer is chairman.

TEST CASE DISMISSED

The test suit instituted by the Los Angeles Bar Association against R. H. Jenkins, general agent, and H. M. Harris, claims manager for one of the companies in the Jenkins office, has been dismissed on motion of the prosecution. The claim was made in the suit that the accused had allegedly engaged in the unauthorized practice of law in collecting by subrogation from a third party after a collision claim had been paid to the company's assured.

A. L. Reynolds, 67, South Bend, Ind., boiler inspector for the Hartford Steam Boiler, died suddenly from a heart attack. He had been in the South Bend district 27 years.

Under All-Risk Form, Buyer Decides on Restrictions

By ARMSTRONG CRAWFORD
President Great Lakes Casualty

Our new all risk blanket public liability insurance gives absolute protection against any and all damages except those arising from the operation of automobiles and aircraft. It is a complete all-inclusive policy contract. Many buyers have repeatedly expressed their great desire to purchase this type of coverage. Some have even gone so far as to charge the insurance fraternity with negligence in not providing the same. It is in response to buyers' demand for absolute security that we have originated this new policy. Here, in one contract, we offer blanket automatic coverage for all business operations. No longer can it be stated that the buyers cannot obtain comprehensive coverage because only limited forms of protection are available. We offer complete coverage in a single policy and if the buyer does not want it, and thinks he possesses the intuition to select only the losses which may attack him, he is the one who—at his own option—will restrict the contract, not us.

The completeness of this form may be altered. Certain coverages can be deleted but the purchaser must elect to do so. The burden of restriction will then rest upon his shoulders, not ours. The coverage expressly eliminated will be the result of the buyer's determination to carry that hazard himself.

Provides Feeling of Comfort

It is a comfortable feeling to have all risk insurance and be able to refer all claims to an insurance company for investigation, defense and payment. There is a great deal more to an insurance policy than the mere payment of damages. The cost of investigation and legal fees in connection with the defense of thousands of lawsuits represent a huge sum. Although a suit may be groundless and the probable recovery of damages remote, it requires the same preparation and legal expenses to take care of the situation as it does if the case were a legitimate collectible cause of action. For example—granted that each and every one of the following cases were eventually adjudged "not collectible," it was necessary to proceed with investigation and defense before

the final verdict was reached, and that costs money.

Retailer sued—Dead mouse in sealed box of cocoa. Court of appeal held retailer not liable; Newspaper sued—Injury resulting from dandruff remedy recommended in newspaper article. Court of appeal said "No"; Retailer and manufacturer sued—Glass in sandwich spread, packed in glass container; jar became cracked. State supreme court said "No"; Meat market owner sued—Pork chops were alleged to have caused death because of trichinosis. State supreme court denied recovery; Gas station owner and oil company sued—Ethyl gasoline caused skin irritation. Supreme court refused to allow damages; Department store sued—Handbills distributed house to house. Reader received paper cut in hand. Colored ink supposed to have caused infection. The court said "no recovery."

Costs Consistently Increase

As to the thousands of collectible losses and judgments for damages, there is no state secret. The cost of investigation and defense, plus the payment of damages consistently increases. With new avenues for the assessing of damages always appearing as our laws are liberalized, with the juries spending someone else's money, who possesses the psychic power to advise any policyholder which hazards he should elect to carry himself?

Old man catastrophe has no advance agent. The safe, sane and logical thing for you to do for each and everyone of your clients is to constantly inform him that: "To be safe and to be wise—All Risk-ize." At least give them the opportunity to obtain through you, adequate protection against all loss and damage. It is your duty to provide the best.

A recent insurance publication stated many agents and their companies were lax in providing modern all-inclusive coverage, negligent in not knowing the buyers' need of all risk insurance, possessing an erroneous conception that nothing should be done about it, and interested principally in premiums and commissions. This is a rather drastic accusation and a veiled threat. It is seldom that policyholders break forth in such blunt language.

Guest Coverage Rider Is Rejected in Illinois

The filing of the National Bureau of Casualty & Surety Underwriters of a medical expense reimbursement endorsement for the benefit of guests in cars insured for automobile P.L. has been rejected by the Illinois department. The rejection was based on the theory that the endorsement in effect provides personal accident insurance and cannot be written without getting a written application from the person injured. Inasmuch as those who are to be guests in the car during the period of a year cannot be known in advance, it is impossible to get such application.

The department states that 13 individual companies during the past year or so have filed somewhat similar endorsements and they have all been rejected.

Some observers believe that the objection of the Illinois department can be answered, at least insofar as the form requiring the guest to execute a release is concerned. The bureau has made available two forms, one in which the guest is reimbursed within the limits of the coverage for medical, surgical and hospital expenses or if killed, for funeral and burial expenses, without regard to whether the guest agrees not to claim further recovery or not. The

other form requires the guest, in order to get recovery, to execute a release.

Some observers say that under the second form the insurance company is not providing personal accident insurance for the guest, but is merely insuring a liability which the assured has assumed voluntarily, that is somewhat analogous to so-called sidetrack agreement.

The forms were made available last week in 27 states where filing was not required. The regular automobile liability policy provides first aid benefits for injured persons, regardless of whether the insured is at fault.

Ask Charter Forfeitures

AUSTIN, TEX.—Attorney-general Mann of Texas has filed suits in the district court in Austin asking for the forfeiture of the charters of the First States Indemnity and the Consolidated Life, both of Dallas. The suit against the First States Indemnity alleges that it has \$3.13 in cash on hand with a deficit of \$7,488.

The suit against the Consolidated alleges that it has less than 500 bona fide members paying their assessments and that it has been operating since May 1, 1930 without a permit to transact business in Texas. Forfeiture of charters and appointment of receivers are asked in each case.

NEWS OF THE CASUALTY COMPANIES

Continental Casualty's Good Six Months' Record

The Continental Casualty is evidently having a very excellent year as the increase in premiums for the first seven months exceeds \$1,000,000. At the end of six months net premiums amounted to \$11,767,513, increase \$978,474, or more than 9 percent. This is a new high figure for the first half of the year in any period in its history. The assets as of June 30, were \$35,421,023, increase \$1,368,405 since Dec. 31, which is another new high figure. Policyholders surplus excluding general contingency reserve is \$8,254,484, increase \$299,522, which is another record broken. The statutory underwriting profit for the first six months amounted to \$220,077. The premium reserve increased \$1,056,000.

Motor Vehicle Casualty Reports

Motor Vehicle Casualty of Chicago has issued its new mid-year statement, showing assets \$1,060,081, premium reserve \$380,435, claim reserve \$229,860,

reserves for contingencies \$25,000, capital \$200,000 and net surplus \$150,048.

Defrauded the State Fund

NEW YORK—Convicted of defrauding the State Insurance Fund by maintaining false payroll accounts, seven corporations received suspended sentences; a fine of \$200 was imposed upon another, and seven individual employers were let off with warnings that repetition of a similar offense would result in jail terms. Since the investigation into the charges of alleged frauds imposed upon the state fund started some months ago, 115 general employees and 19 payroll auditors previously in its service were arrested; a number convicted and others still awaiting disposal of the charges. Close to \$7,000 has been paid to the fund by way of restitution.

Pacific Employers Expands

Pacific Employers has entered Texas, Oklahoma and Kansas. Frank King has been appointed representative in Texas. He was formerly in charge of safety engineering in northern California.

Joseph Ryan has been appointed su-

perintendent of the production department at San Francisco.

W. H. Woods has been appointed acting manager of the northern California office at San Francisco. Heretofore he has been underwriting manager at San Francisco. In his new capacity he succeeds the late S. F. Norwood.

Nearly Million in Claims

Milton J. Scott of Chillicothe, O., former state senator, who has been acting as liquidator of the Tower Mutual of

Cincinnati, reported to Superintendent Lloyd that actual claims against the company amount to \$996,000. In addition, ordinary bills will amount to about \$100,000.

The Manufacturers Casualty of Philadelphia will on Aug. 14 pay a quarterly dividend of 40 cents, plus an extra of 10 cents per share.

Associated F. & M. of San Francisco has again been licensed in New York. It was licensed there from 1928 to 1932.

ACCIDENT AND HEALTH

Start Drive to Form Locals in 94 Cities

The goal of an accident and health association in selected cities by June, 1940, has been set by the National Accident & Health Association, and a slogan to this effect has been adopted.

Thorough organization of the country will be necessary to succeed, leaders point out. A map has been prepared with this in view, and individuals in local associations all are urged to take part actively in the campaign.

There are 19 cities where clubs or associations are in operation. These, the national officials stated, are doing splendid work in promoting accident and health insurance, yet every person engaged in the line should be a member of a local and the National association. A survey indicates there are at least 94 more cities that should be included in the list. The National association lists these as: Birmingham, Phoenix, Ariz., Little Rock, Oakland, San Diego, Long Beach, Hartford, New Haven, Wilmington, Jacksonville, Miami and Tampa, Atlanta, Boise, Idaho, Peoria, Ill., Evansville, Gary, Ft. Wayne and South Bend, Ind., Des Moines, Kansas City, Wichita, Louisville, Lexington, Paducah, New Orleans, Shreveport, Portland, Me., Baltimore, Boston, Fall River, Lowell, Lynn, North Bedford, Somerville, Springfield and Worcester, Mass., Grand Rapids, Lansing, Duluth, Minneapolis, St. Paul, Jackson, Miss., Kansas City, Butte, Omaha, Reno, Manchester, N. H., Camden, Elizabeth, Jersey City, Newark, Paterson and Trenton, N. J., Albuquerque, Albany, Buffalo, Rochester, Syracuse, Utica, Asheville, Charlotte, Durham, Greensboro, N. C., Fargo, N. D., Akron, Youngstown, Canton, Oklahoma City, Tulsa, Erie, Harrisburg, Reading, Scranton, Pa., Providence, R. I., Charleston, S. C., Sioux Falls, S. D., Chattanooga, Knoxville, Memphis, Nashville, Dallas, El Paso, Ft. Worth, Houston, San Antonio, Richmond, Norfolk, Va., Tacoma, Huntington, Charleston, W. Va., Madison, Wis., Cheyenne, Washington, D. C.

It is hoped to locate two or three key accident and health men in each of these cities. Organization work is being taken up by E. C. Budlong, executive secretary, Chicago, and President W. B. Cornett, Columbus, O.

The National association was formed ten years ago and has accomplished much. Items in its program are: to bring closer together those engaged in selling accident and health insurance, to eliminate destructive competition through better understanding, to aid in directing and shaping all accident and health legislation, to check wrong practices and abuses by raising ethical standards of the profession, to educate the public as to the nature and benefits of accident and health insurance, to collect and disseminate the most advanced, successful sales ideas and methods, and to exchange methods of sales training and all helpful general information pertaining to the business.

C. S. Peterson, formerly with the Progressive Mutual Assurance of Minneapolis, is executive secretary of the Winona (Minn.) Group Hospital Association.

General Accident Has New Forms

PHILADELPHIA—The General Accident has announced two new accident and health policies to be sold through the monthly premium department, known as the Gaflac disability policy and the Gaflac medical and surgical expense policy.

Basic protection is provided without frills, at low cost. The disability form provides 12-months' indemnity, after the first week, without distinguishing between injury and illness. In Class AA the cost for \$100 per month is \$24 per year. A policy fee is required the first year.

The medical and surgical form provides payment for doctor's and nurse's charges and for other expenses, in or out of a hospital. A liberal allowance is made for hospital expenses. The maximum coverage for any one accident or sickness is \$500, with the first \$15 borne by the policyholder. The principal new features of the policy are that there is no daily limit set on hospital, nurse or medical service, disability is not required, and the same coverage is extended to both accident and sickness. The cost per year in Classes AA, A and B is \$36 per year, plus a policy fee for the first year. Policies are available for sale in New York and other states which have approved the forms, and will be made available in other states as rapidly as possible.

Hospital Care Corp. Licensed

The Hospital Care Corporation of Cincinnati is the first one to be licensed by the Ohio insurance division under the new hospitalization act. Superintendent J. A. Lloyd signed its license this week. The law was attacked in the courts and was upheld, although the state auditor was restrained from deducting from the pay of state employees funds for the payment of any fees for such hospital services.

Officers of the Hospital Care Corporation are O. P. Geier, president, and Louis Nippert, secretary. These, with J. B. Moorman, A. E. Anderson, Alfred Friedlander, L. D. Fowler, H. H. Schutte, R. E. Mullane and Maurice Pollack, compose the board of trustees.

Superintendent Lloyd announced Ben B. Worcester of Middletown, a legal examiner in the insurance division, has been placed in charge of the examination of qualifications of applicants under the new law.

Ticket Sellers Must Be Licensed

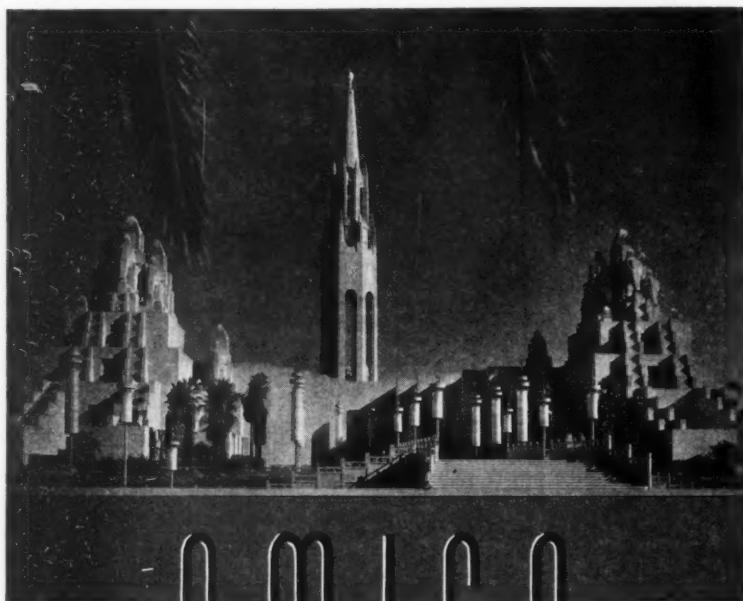
LOS ANGELES—Governor Olson of California has signed the bill requiring railroad employees selling accident tickets to have a limited license as a disability agent.

Stage Anniversary Drive

The National Accident & Health of Philadelphia is staging a 36th anniversary campaign in August with a goal of 36 applications from every agent.

Premiums in the first half of 1939 increased 24 percent and the million dollar premium goal is sought for the year.

J. S. Kendrick has opened a local agency at Gatesville, Tex., with offices in the Palace Theater building.



HELPED BUILD THE SAN FRANCISCO FAIR

Construction of the imposing twin Elephant Towers and many of the buildings at San Francisco's great Golden Gate International Exposition was insured by the American Motorists Insurance Company.

More and more, nationally-known firms turn to the American Motorists for their Automobile, Workmen's Compensation and general casualty insurance. And, more and more, progressive agents from coast to coast capitalize on AMICO'S savings, service and security by offering this cost-reducing and competition-proof protection to their clients.



AMERICAN MOTORISTS INSURANCE COMPANY

JAMES S. KEMPER, President

SHERIDAN AT LAWRENCE

CHICAGO, ILLINOIS

A Dollar's Worth of Gas, please... (and a Dollar's Worth of Service)

...AND HE GETS IT WITH A SMILE



CALL the service roll. This customer wants them all—air, water, windshield (don't forget the battery) rest room, road maps, an opinion on the weather, the use of a few tools. And he gets it with a smile because the modern service station is typical of American business enterprise, justifying a slight profit by providing convenience, speed, and the reliable products which go along with friendly service. It's a typical American institution, like nothing else in the world, yet part of the profit system, independent and vigorous.

When the local service station, repair shop, garage, or automotive dealer buys insurance from the experienced agent or broker of a stock insurance company, he does not say, "\$50 worth of insurance, please."

He asks for and gets the advice and full service of an expert purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

* * *

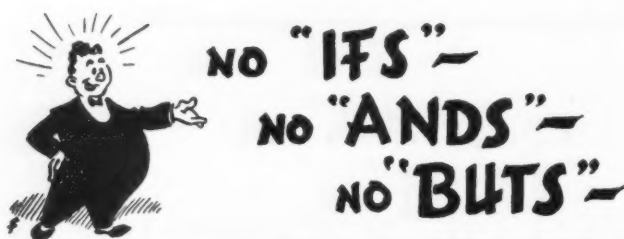
Because we believe so thoroughly in the services of an expert middleman whether service station, expert repair service, or automotive dealer, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When *you* buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

● This is an advertisement of the National Surety Corporation which appeared in *Gasoline Retailer*, a leading publication in the automotive service field. It was directed to the independent business men in the automotive service field in your city.

This advertisement has also appeared in a long list of banking and financial publications. It is an effective sales help to our agents and another proof of our belief in and support of the American Agency System as a part of the American Business System.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, President



**ALL RISK PUBLIC LIABILITY INSURANCE
COMPLETELY REVISED BLANKET POLICY
—PROTECTS AGAINST DAMAGE ARISING
FROM ANY CAUSE . . . AUTOMOBILE AND
AIRCRAFT ONLY EXCEPTIONS**

Great Lakes Casualty Company
BUHL BUILDING • DETROIT • MICHIGAN

*Friendly Cooperation
With Agents for
Over Half a Century*

- A record to be proud of: In this span of years The Preferred Accident has built up and maintained a progressive staff of agents throughout the country, with whom its relationship has been friendly and mutually profitable.

THE PREFERRED AGENT has the benefit of direct contact with the home office—thus giving the close personal touch so helpful in agent-company dealings.

*Accident
Automobile
Burglary
Plate Glass
Liability*

**THE PREFERRED ACCIDENT
INSURANCE COMPANY**

of New York

80 MAIDEN LANE, NEW YORK

Wilfrid C. Potter, Chairman of the Board

Edwin B. Ackerman, President

SURETY

Surety Companies See Fair Income

BALTIMORE — Surety companies generally agree that there will be a steady demand for contract bonds, especially on public works for at least a year. There are many large projects at hand and others in contemplation. For instance, there are many demands made in federal slum clearance activity. There are a number of dams being constructed. There is considerable road construction and improvement in some of the states. In addition to the federal work the counties and municipalities securing federal aid have undertaken a number of important projects. Altogether the surety companies cannot complain of premium income from this source. There has been some criticism of the government on rural electrification work which comes under the Rural Electrification Administration. The point is made that federal inspectors and investigators finding unsatisfactory work done by contractors do not inform the surety companies until the work has been completed or nearly so. Then they demand that the entire work be done over. Surety companies are inclined to look askance at these rural electrification projects at present owing to this situation.

Santee Dam Project Bids Opened

NEW YORK—Bids for the construction of the Santee Dam were opened by the South Carolina public service authority at Charleston, Aug. 1, and the figures submitted will likely be available shortly. Early estimates of the cost of the project place it in excess of \$7,000,000; 600 calendar days being allowed for completion. Bidders were required to furnish a performance bond, including liability for payment of labor and material, of not less than 50 percent of the estimated aggregate payments. As determined by the Towner Rating Bureau, rates for the necessary bond were \$12 per thousand for the first \$2,500,000; \$11.50 for each additional thousand up to \$5,000,000; \$11 for the next \$2,500,000, and \$10 for all in excess of \$7,500,000.

File State Surety Bond Bill

BIRMINGHAM, ALA. — Extension of the state insurance fund to cover bonds of state, county or municipal officials as a protection against loss from misappropriation or improper disposition of funds handled by them was provided in a bill introduced in the Alabama house. This, in effect, would place the state in the surety bond as well as insurance business. State Representative Mathews, the sponsor, said the state had saved \$450,000 in insurance premiums by handling its own insurance in the last 10 years, and had provided rates 40 percent less than those charged by private companies. He claimed proportionate savings would result from the state making bonds of public officials.

Roth on Extended Trip

NEW YORK—To establish contacts with company executives and fidelity and surety field representatives on the Pa-

cific Coast, and to learn their views as to general conditions in the business, E. V. Roth, newly appointed assistant secretary of the Surety Association of America, left New York for San Francisco, Monday. En route west he will stop in Chicago, going thence to Seattle, San Francisco and Los Angeles, spending a few days in each center. Returning he will visit Kansas City, and time permitting, other mid-western cities. Mrs. Roth is with him.

CHANGES

DeWitt and Welsh Advanced by the Travelers

J. D. DeWitt, supervising adjuster of the Greater New York area in the life, accident and group claim department of Travelers' 55 John street, New York City branch office, has been promoted to assistant manager of the same department at the home office. He will assist H. S. Don Carlos, the claim department manager, in general supervision of all claim work. A. C. Welsh, adjuster at San Francisco, was transferred as supervising adjuster to the 55 John street office. The promotions are effective Sept. 1.

Mr. DeWitt joined Travelers in 1925 as investigator at Des Moines and in 1927 was transferred to the home office as examiner in the life, accident and group claim department. He was promoted in 1933 to assistant manager in charge of northeastern United States and Canada, and in 1937 was transferred to New York as supervising adjuster. Mr. Welsh joined Travelers in 1922 as investigator at San Francisco; became assistant adjuster in 1923, and in 1926, was promoted to adjuster.

Chittenden Casualty Manager

The Texas General Agency Company of San Antonio appointed J. D. Chittenden casualty manager in the Houston branch office. He formerly was connected with the Liberty Fire.

Emmco Names Tex. General Agent

C. H. Featherston and Solon Featherston of Wichita Falls, Tex., have been appointed general agents for the Emmco of Indiana.

J. B. Sprowls Joins A. & C.

Joseph B. Sprowls, formerly special agent in Wisconsin for Maryland Casualty, has joined Accident & Casualty as special representative in Iowa and Nebraska with headquarters in Milwaukee.

T. E. Andrews has been appointed head of the boiler and machinery department in the New York metropolitan office of Royal Indemnity. He succeeds the late George E. Babbitt.

The United States Casualty has appointed Calhoun & Barnes general agents in New Orleans.

Award Oregon State Fleet Cover

PORTLAND, ORE. — The Oregon state board of control has awarded the insurance on the state fleet of motor vehicles to Dooley & Co., Portland, on the low bid of \$22,651. Bid was made on behalf of U. S. Guarantee.

AGENCY INSTRUCTOR

Eastern company writing non-cancellable accident and health and legal reserve life insurance has opening in central states for agency instructor. Applicant must have good accident and health production record and be in position to travel.

Write giving details of qualifications. All replies treated with strict confidence.

ADDRESS K-23 THE NATIONAL UNDERWRITER
175 West Jackson Boulevard
Chicago

Eastern Executives Are Questioned at N. Y. Hearing

(CONTINUED FROM PAGE 13)

Koop was assured, as were the other company executives, that a full accounting for every dollar contributed would be made when the litigation was finally concluded.

The following telegram from Mr. Street to Mr. Koop in May, 1935, setting forth his inability to effect an agreement upon the originally proposed 90-10 basis and suggesting a change to the later 80-20 plan as finally sanctioned, was offered in evidence.

"At Kansas City yesterday with attorneys for both sides and state officials," the telegram read, "Situation much changed by federal decision requiring companies to show refunds in old case paid in full before they decide pending case which means reference to master, and months of work at great expense. Decision on vital point in state court rendered under pressure in our favor but, with some bitter judicial comment these things make 90 percent settlement as originally proposed impossible and governor, former judge, has made special study and claims state will win all cases. Under pressure is willing to compromise but best can do is 80 percent instead of 90, we paying state's attorneys agreed amount expenses slightly reduced. Main part impounded funds to come to companies immediately, but 20 percent to state for policyholders, balance to me and Folonie as trustees, pending cleanup. Considering Missouri situation existing today and large expense necessary in further proceedings recommend this settlement. No settlement effective until approved by both courts. Please rush copies to Kurth, Culver, Warner, Parsons, Koeckert, Shallcross, if home."

Koop as was the case with others who testified, learned of the bribery in connection with the case only when the story appeared in the press, and the response to the inquiry of state's counsel as to what they did in connection therewith, was, as tersely given by Master Barnett, that influences more powerful than the companies had already undertaken a thorough investigation of the entire transaction; all carriers freely giving whatever material they possessed bearing on the case, to the federal grand jury and to other authorized powers. Mr. Kurth's recollection of Street's request for \$100,000, was similar to that had by other executives, namely that a full accounting would be made at a subsequent date.

With such assurance, Mr. Kurth was content. His belief in Mr. Street's ability to see the job through was unqualified. His office contributed \$15,000 to the fund. Royal-Liverpool turned over \$10,000, and other companies various sums.

Mr. Koeckert was especially emphatic in his declared admiration for Mr. Street, and moreover had a great affection for him, having worked under his direction for four years, and indebted to him for valuable underwriting and personal counsel prior and subsequent thereto.

Later witnesses all testified along similar lines, save only that they had not been present at the meeting when the appeal for the \$100,000 was raised. Each stated they received a check for 11 percent of the impounded premiums, and returned 5 percent for expenses, without question, when the suggestion they do so was made either by Mr. Haid or J. D. Erskine, secretary Insurance Executives Association. A mass of photostatic copies of reports, checks, and correspondence had from records

of the companies was gone over by attorneys for the state, and by them offered in evidence.

F. M. Smalley, president Glens Falls; H. F. Waterman, secretary Agricultural; John Koenig, branch secretary Royal Exchange (who appeared in the absence of United States Manager E. W. Elwell, vacationing in England), and L. R. Bowden, vice-president of the Meserole group, were witnesses at the Wednesday morning session.

The 5 percent check was issued on behalf of the Glens Falls companies, Mr. Smalley testified, without hesitation, the office having the utmost confidence in whatever course was taken by the Executives association.

Phone Call From Erskine

The call of Mr. Erskine to Agricultural, Mr. Waterman stated, came over the telephone, and while he inquired as to the character of the intended expenditure, Mr. Erskine could give him no information, other than it was for attorney's fees. The check was sent to Mr. Street, from whom receipt was received, together with an accompanying letter in response to the inquiry of Mr. Waterman for details; in part Street wrote, "It's a long story, told in detail to the big boys who could be gotten together during the winter vacation in

New York," adding, "I will tell you all about it at the White Sulphur Springs meeting of the Western Underwriter Association." As Waterman was unable to attend the gathering in West Virginia, he never had the promised story, nor was he advised through any other source as to particulars. Mr. Street, Mr. Waterman volunteered, "was not a man to explain things."

While not questioning the suggestion of Mr. Erskine that he be given a check for 5 percent, Mr. Bowden preferred to make the remittance payable to R. J. Folonie rather than to C. R. Street, knowing the former personally and having no acquaintance with Mr. Street.

While the check was issued early in March, it was not deposited until the following November. The lapse of six months was not brought to his attention until searching the office files when news of the Missouri bribery was printed.

Witnesses scheduled for Wednesday afternoon were P. B. Sommers, president American; H. G. Casper, manager Eagle Star; Everett Nourse, U. S. manager London, and J. R. Barry, vice-president Corroon & Reynolds.

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Universal to Write New Cover Form

(CONTINUED FROM PAGE 3)

used in connection with this form of coverage.

James A. Beha, former New York superintendent, has acted as advisor and attorney in the development of this new form and has filed the rating formula and the insurance policy with the New York department in behalf of Universal of New Jersey. Mr. Beha also acted as attorney in copyrighting the policy for Mr. Fraad.

Insurers Win Record Warranty Clause Decision

(CONTINUED FROM PAGE 8)

ascertainment is the property shown in the stock by the itemized inventory.

The making and preparation of the books by the assured in the regular course of its business was in compliance with the terms of the record warranty clause but assured failed to comply with the further requirement that it preserve and produce for examination by the insured such books as presented a complete record of the property added to and taken from the stock.

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Commodity Credit Corporation May Abandon Insurance

(CONTINUED FROM PAGE 3)

ers have purchased insurance from local agents, covering crops upon which they have obtained CCC loans. The CCC, in addition, has carried a master policy with Glens Falls and Hartford Fire. This is in the nature of an errors and omissions contract. It makes good losses that are not covered by the farmer's insurance, it protects the CCC in the event the farmer did not obtain insurance, it covers hazards over and above those covered in the individual policies purchased by farmers, and it covers grain to which the CCC takes title.

IOWA AGENTS PROTEST

DES MOINES, IA.—A concerted drive, led by the Iowa Association of Insurance agents, has been started against the government's announced plan to establish "self insurance" on stored corn. Protests have been made to Washington in telegrams and letters sent to Henry Wallace, Secretary of Agriculture; R. M. Evans, AAA director; Iowa senators Clyde Herring and Guy Gillette, and many others.

Many Iowa local boards and agents groups have sent joint telegrams protesting what they term an attempt to rob insurance agents and companies of their business.

B. C. Hopkins, president of the Iowa association, sent bulletins calling agents' attention to the plan, and urging them to contact Washington representatives.

"Corn certificates, in themselves, are not a large premium volume builder, but the principle attached to this movement is sinister and needs to be stopped," Mr. Hopkins commented.

Other insurance men feel there is

every likelihood the plan will be also applied to cotton, wheat and other crops, and possibly to other fields.

The plan, agents said, apparently is a scheme of AAA officials to help save their farm program by encouraging farmers to reseed corn and thus relieve the government of the necessity of taking over the sealed corn. Farmers in Iowa have several million bushels of 1938 crop and also part of 1937 crop now stored on their farms and in elevators. With another bumper crop coming up, government officials have been worried as to how to dispose of the 1937 and 1938 crops.

The government is making every effort to have farmers reseed and retain title to every bushel for which the farmers can provide storage space, and thus help AAA out of a hole in not having to take over the corn.

President Hopkins has been in almost daily communication with Chairman Forshay of the National Association of Insurance Agents rural agents committee, who also is active in opposing the new government project and has been keeping all state association presidents informed about the situation.

KANSAS AGENTS ACT

Members of the Kansas Association of Insurance Agents have been requested to appeal immediately to their congressmen and senators to stop government competition with private business by setting up an insurance scheme in connection with Commodity Credit Corporation loans. Alex Case, president of the Kansas association, states that officers of the association have registered protests already. Mr. Case reproduces this telegram that he received from W. T. Reed, Jr., head of the Washington office of the National Association of Insurance Agents:

"Commodity Credit Corporation about to discontinue insurance required from farmers on farm stored corn and to protect collateral by funds at one-fifth cent per bushel for term of loan in lieu of in-

surance. A serious loss of income to agents in corn belt will result. Spread of principle to other commodity loans and interests highly possible and will cause grave losses to agents throughout country irrespective of legality. This government competition with private business creates critical situation and requires instant opposition. Recommend immediate personal appeal by telephone or telegraph to Secretary of Agriculture Wallace directly and through your entire state congressional delegation that present insurance requirements be unchanged. Please confirm action taken."

COMPENSATION

Commission Probe Is Asked in Ohio

Investigation of the Ohio industrial commission by Gov. Bricker and the grand jury was urged by the Citizens Tax League of Ohio, which charged the commission had failed miserably and had handled workmen's compensation funds in a "slipshod" manner. It was claimed ambulance chasers have been permitted to "paw" through commission files. The league charged commission members are "woefully uninformed" on affairs of their office. The governor was asked to appoint an experienced insurance executive to succeed Commissioner J. W. Beall of Lima, whose term expired a month ago, in order that the commission might be modernized and the "true purpose of workers' insurance might be made effective."

Administration of the commission's medical division by Dr. Sidney McCurdy was commended, as was acknowledgment by commission it is not subjected to political interference by the Bricker administration. Gov. Bricker said he had ordered the commission's books opened to the tax league and he favors a grand jury investigation if there is anything wrong.

MAKE RATE REDUCTION IN OHIO

The Ohio industrial commission has announced a reduction of 1.4 percent in some rates, as a result of an increase of \$680,044 in the surplus account of the workmen's compensation fund and an increase of \$2,647,153 in the fund's total assets for the year ending June 30. The reduction applies to only 91 classifications, while rates are increased in 60 other classifications and in 247 classifications no changes are made. Assets total \$58,350,062. There is a \$49,835,507 reserve for compensation and medical benefits and a statutory surplus of \$3,342,220. In the past year earned premiums totaled \$15,004,859, a decline of more than \$5,500,000, while losses incurred dropped from \$21,350,784 for 1937 to \$15,861,386. The cost of claims increased 1 per cent, medical costs 6 per cent, and compensation cost declined 1 per cent. Over the 10 year period the cost of claims has shown an increase of 9 per cent, while compensation cost has mounted 10 per cent, and medical, hospital and funeral expenses, with court costs, have increased 8 percent.

Texas Solon Favors State Fund

AUSTIN, TEX.—Indications that a special house committee created to study administration of workmen's compensation insurance would seriously consider establishment of a state system in Texas was seen in a preliminary report of a member who recently made a trip to New York and Ohio to study the methods there.

Howard Smith, who made the tour, said the committee in the near future would hold hearings in various sections of the state to ascertain the practices of the various insurance companies writing workmen's compensation. The committee, he said, will make recommendations to the next legislature "for a more suitable law for Texas." He commented favorably on the Ohio fund.

PERSONALS

Bart Leiper, advertising manager Provident Life & Accident, has an unusual hobby. With a sharp-bladed instrument he carves etchings of unusual beauty out of celluloid. Mr. Leiper puts his talent to practical use in preparing illustrations for his company's own publication, "The Lookout," which he edits. Etching in copper or metal by hand (or drypoint) is an old art, but using celluloid as a medium is very new. Mr. Leiper says the advantage in using it is that the drawing can be readily outlined in pencil on the celluloid ready for cutting out as desired. He often mounts his etchings on wood and uses them in printing a limited number of copies. Mr. Leiper never studied art, but his mother was an artist of ability.

Clay Johnson, Jr., the young son of Vice-president H. Clay Evans Johnson of the Interstate Life & Accident of Chattanooga, and secretary of the Industrial Insurers' Conference, died following an emergency operation for appendicitis.

Vice-president H. Clyde Edmundson of America Fore group is covering Pacific Northwest agencies and while in Seattle, Wash., he enjoyed a week-end cruise on board the "Lady Alice," cruiser of John A. Soderberg, special agent.

W. B. Russell, 56, underwriter and director of the Pioneer Mutual Casualty at Tiffin, O., for the last three years, and in the insurance business in Kansas for 20 years prior to going there, died of a heart attack.

Host to Legislative Candidates

RICHMOND, VA.—The Richmond Board at its semi-annual meeting was host to seven of the 14 candidates for the house who spoke and gave assurance that they would give special attention to legislation affecting the agents at the next session.

Edwards Heads New Office

William Whitkoff, resident manager Employers group, announced the opening of an analysis department in the Los Angeles branch office, with Austin Edwards in charge. The new department became necessary because of the increased call for analyses on the part of the group for patrons. Mr. Edwards was transferred from the Denver office to superintend the work.

Walter Baunhefner, marine special agent for the Home of New York at Denver, is spending his vacation in Los Angeles.

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Cooperation Now Prevails Between St. Louis Groups

ST. LOUIS—Closer cooperation is developing in the relationship of the Associated Fire Agents & Brokers of St. Louis and St. Louis Board.

Due to the joint efforts of William Eichenser, head of the Associated Fire Agents & Brokers, and John J. O'Toole, president St. Louis Board, these two organizations, which at one time appeared to be working somewhat at cross purposes, are now on most friendly terms and through their respective contact committees confer from time to time on matters of mutual interest and affecting the insurance industry as a whole.

It was concluded that in view of the adverse publicity the fire insurance companies have been receiving it would be for the best interest of all for the two associations to work together. It is recognized that each organization has its own particular functions that should not be interfered with.

The two organizations are working together on passing on applications for agents and brokers licenses. Heretofore both bodies had been making separate recommendations to the Missouri insurance department. President Eichenser has named William Rodiek, Jr., to meet with the board committee that passes on applications for insurance agents and brokers licenses.

President Hopkins Confers on Iowa Agents Convention

DES MOINES — B. C. Hopkins, president Iowa Association of Insurance Agents, completed a trip in the northern part of the state, visiting local boards and stopping at Mason City to work on convention arrangements with Harry C. Brown, vice-president, and local committees. Mr. Hopkins visited Osage, Decorah, Waukon, Oelwein and Charles City. The annual convention will be held at Mason City Sept. 6-8.

Sub-committees will visit Carroll, Boone, Estherville and other cities shortly in the drive to attain 450 membership by Sept. 1. The roster was 219 members at the Sioux City convention last year.

Convention headquarters will be the Hotel Hanford. Roger Patton, 109 East State street, Mason City, is in charge of hotel reservations.

Minnesota Department Intact

ST. PAUL—Apparently the Minnesota insurance department came unscathed through the Aug. 1 shakeup in state departments. During the 10 days preceding Aug. 1 scores of employees in practically every department except that of insurance were replaced, but as far as known there have been no changes in the insurance department.

On Aug. 1 civil service became effective in Minnesota and hereafter all employees on the state payroll except world war veterans will be under civil service regulations and must take examinations to retain their jobs. This applies to the insurance department as well as others, although not to the heads of departments.

Cornsweet Case Up This Week

COLUMBUS, O.—The suit of Nathan R. Cornsweet of Cleveland against the Ohio division of insurance, in which he seeks to prevent the insurance division from revoking his license, comes up for hearing in the common pleas court here this week. The former adminis-

tration issued an order revoking his license on charges that he permitted rebates in insurance, placed insurance with Lloyds and accepted insurance from unlicensed solicitors. Mr. Cornsweet filed suit to prevent the department from putting the order into effect.

Breakfast Conference Planned

MINNEAPOLIS—A round table breakfast conference on the problems of local and regional boards will be a new feature of the annual convention of the Minnesota Association of Insurance Agents at Brainerd Sept. 8-9. Ward Senn, Minneapolis, will be in charge.

Breakfast conferences have been held at the two mid-year meetings but never at the annual gathering.

Rainsford hotel, Brainerd, will be convention headquarters. The executive committee will meet the evening of Sept. 7. The committee also will hold a meeting Aug. 18 to put the finishing touches on the program for the state meeting.

Name Wilson, McBride & Co.

The Crown Life of Canada has appointed Wilson, McBride & Co., Hanna building, Cleveland, as district agents and managers for northern Ohio. Part-

ners in the agency are M. H. Wilson, Jr., D. S. McBride, S. W. Hubbard and H. P. McIntosh, III.

NEWS BRIEFS

The safety council of the Minneapolis Automobile Club, headed by Thomas G. Linnell, general agent, has submitted to Mayor Leach and police officials a seven-point program designed to reduce motor traffic accidents.

The Ohio department of insurance has refused to renew the license of Lawrence E. Stone of Cleveland. He has filed suit in the common pleas court to compel the department to renew his license.

The Quincy Board of Underwriters of Quincy, Ill., has now definitely set Oct. 11 as the date for its annual picnic. This is one of the most important outings of the year in Illinois and always attracts a large attendance of company people.

Richard W. Moller, in insurance work for the past 23 years, has been named insurance department manager for George & Co., Omaha.

Arthur L. Kastman has become a partner in the Lynne D. Upham agency, Omaha. Mr. Kastman was formerly manager of the insurance department of George & Co.

The Flaherty agency at Steubenville, O., has been sold by Martin E. Flaherty to George Gilmore. The agency will be operated hereafter as the Flaherty-Gilmore agency.

Underwriters Adjusting Makes Change in Peoria



C. T. LAWRENCE V. B. McDOWELL

Underwriters Adjusting announces the appointment of C. T. Lawrence as manager of its office in Peoria, Ill. He succeeds V. B. McDowell, who has been manager there for the past eight years. Mr. McDowell will continue to reside in Peoria and will act as adviser to Mr. Lawrence for the next few months during which time he will be convalescing from the illness which necessitated this change. When Mr. McDowell's health permits he will move into Chicago and be attached to that office.

Mr. McDowell joined Underwriters Adjusting in 1920 in Minneapolis as staff adjuster. He was later attached to the Des Moines office and acted as supply adjuster at Peoria, Kansas City and St. Louis offices. In 1923 he was made manager of the Dakotas with headquarters at Aberdeen, S. D. In 1932 he was made Peoria manager.

Mr. Lawrence started in the business as a local agent at Mount Vernon, Ind. He later became manager of the Wade agency there. He went with Underwriters Adjusting in 1929 as staff adjuster at Louisville. In 1932 he was placed in charge of the office at Hastings, Neb., where he has been serving until now.

manual annual premium, the city of Dallas is not lending its credit, as prohibited by section 52 of article 3 of the constitution. Neither do we agree with the thought that because a mutual company can issue a non-assessable policy the city of Dallas is not violating the constitution in accepting such policy.

Raises Important Question

"A mutual company may issue a policy without a contingent premium whue, but only while, it has a surplus equal to the capital required of a domestic stock insurance company transacting the same kind of insurance. Can the city of Dallas continuously know the facts relative to the surplus of the company, or companies, involved? Who is to keep the city of Dallas informed if the surplus of a mutual company that had issued a non-assessable policy is maintained at the level required?

"Irrespective of the above, we believe that they are legally unsound because of the expressions of the supreme court of Texas in two cases: The Southern Casualty Company vs. Morgan, 12 S. W. (2d) 200; and McCaleb vs. Continental Casualty Company, 116 S. W. (2d) 679." In these cases Justice Sharp of the supreme court held the constitution prohibited a city from becoming a member of a mutual insurance association.

Chairman Kirkpatrick also raised the question of contingent premium under mutual insurance constituting a debt against the city.

All park board insurance is being handled by the placement board. Insurance on four swimming pools which cost about \$1,600 in 1938 will cost less than \$1,000 this year due to efforts of the placement

IN THE SOUTHERN STATES

Mississippi School Plans Completed

The Mississippi Association of Insurance Agents has announced the completion of plans for the school of fire, casualty and surety underwriting to be held at the Heidelberg Hotel, Jackson, Aug. 15-17. The work will be supervised by the School of Commerce & Business Administration, University of Mississippi.

On the first morning J. W. Robinson of Jackson, president of the state body, will extend the welcome. Insurance Commissioner Williams will give an address. During that day Warner Wells, Greenwood, Miss., local agent, will talk on agency service; H. W. Melville, marine department of the American, will speak on the personal property floater; Felix Hargrett, manager Washington service office of the Home, has as his subject "Reporting Forms." O. R. Smith, assistant superintendent bond department, for F. W. Williams, state agent U. S. Fidelity & Guaranty, will have "Fidelity, Blanket Bank and Commercial Bonds." O. S. Johnson, vice-president J. H. Johnson & Co., Clarksdale, will discuss rates, rules and forms for fire and extended coverage.

Other Lecture Features

On the 16th, Mr. Hargrett will again speak on reporting forms with special reference to the Interstate Underwriters Board. H. W. Melville will speak on fine arts, jewelry and miscellaneous lines. W. W. Sampson, manager Mississippi State Rating Bureau, will talk on rates, rules and forms. Mr. Smith again will have the floor, speaking on surety and contract bonds, public official and fiduciary. Mrs. M. L. Black, secretary of J. H. Johnson & Co., Clarksdale, and Theo. Sullivan, Franklin & Sullivan, adjusters of Jackson, Miss., will discuss agency accounting. Durel Black, secretary of Black, Rogers & Co., general agents Maryland Casualty at New Orleans, will have as his subject, "Employers, Owners, Landlords and Ten-

ants, Public Liability and Plate Glass." On the last day Mrs. Black and Mrs. Sullivan will again be on the floor, speaking on agency accounting. Mr. Melville will talk on bailees' coverage, truck cargo, instalment floaters; D. T. Hubbard, assistant manager Hartford Fire at Atlanta, will speak on "Use and Occupancy and Profits Insurance." H. W. Kilpatrick, supervisor cotton department of the Home at Memphis, will speak on "Buyers Transit, Insured Receipts, Marine Covers." Mr. Black will have as his subject "Automobile Liability, Burglary, Boiler and Machinery." W. C. Wells, III, attorney, Jackson, will present a paper on "Legal aspects of company-agency and agency-assured relationships." The last speaker will be A. H. Stone, chairman of the Mississippi State Tax Commission.

One of the textbooks used in the course is THE NATIONAL UNDERWRITER publication, "Fire, Casualty & Surety Bulletins."

Dallas Agents Bar Placing Mutual Line

The city of Dallas having offered the Dallas Local Placement Board two-thirds of the city's insurance, aside from the park board's insurance, with the understanding the other one-third is to be written by mutuals, the placement board committee, who are members of the Dallas Insurance Agents Association, notified the city that it would accept the two-thirds but in no way would be liable or responsible for the one-third to be written by mutuals.

"Since in our judgment the city of Dallas may not lawfully place its insurance lines with mutual companies, our placement board committee cannot be put in the position of contributing to the delinquency of a political unit or having a part in anything that it considers illegal," said Chairman Paul Kirkpatrick. "We cannot agree with those who say that because the city's liability is limited to two annual premiums, rather than one

board. Insurance of Dallas county and the City-County Hospital also is being handled by the placement board.

Charges Against Sweeney Specified

In citing W. T. Sweeney, Louisville local agent, for a new hearing to show cause why the licenses held by Sweeney should not be suspended, V. D. Rooks, acting insurance director of Kentucky, refers to the specific violation, which Mr. Sweeney is alleged to have committed.

After a previous hearing Mr. Sweeney's license was suspended for a period of 90 days, but the court ordered reinstatement of the license on the ground that Mr. Sweeney had not been specifically informed of the charges against him.

The new hearing is to take place Aug. 8, in Frankfort. Mr. Rooks charges Mr. Sweeney with being guilty of fraudulent and dishonest practices, of having demonstrated his unworthiness to transact business as an agent and of having willfully misrepresented two policies and willfully deceived a person with regard to two policies.

The bases for the charges, according to Mr. Rooks, are that during May,

1938, Mr. Sweeney issued to the Louisville Bridge & Iron Co. a policy for Paul Revere Fire and another for New Brunswick Fire. According to Mr. Rooks, attached to the copies of the policies that were delivered to the insured was a rider to the effect that they provided for blanket coverage on several buildings and contents and that in reporting the issuance of the policies to the Kentucky Actuarial Bureau Mr. Sweeney stated it represented that the policies covered only the contents of building designated A in the list of buildings in the bureau, and that the rate was the specific rate published for the contents of those buildings and that the report was made to that bureau with the knowledge that the bureau would transmit the report to the two insurers.

Mrs. Lecky Heads Agency

RICHMOND, VA.—Mrs. Robert Lecky, Jr., has been elected president of the Robert Lecky, Jr., agency, succeeding her husband who died recently. She owns most of the stock of the agency. The business will be carried on by Archer L. Richardson and Harry O. Stone, vice-presidents, and W. R. Lecky, secretary-treasurer. Mr. Stone is a son-in-law of Mrs. Lecky and Mr. Lecky a brother-in-law.

Start Rerating in Paducah, Ky.

PADUCAH, KY.—Two representatives of the Kentucky Actuarial Bureau started a survey here looking to rerating, with the possibility of a 15 percent increase in fire insurance rates on mercantile property. The raise was blocked temporarily as the board of commissioners asked bureau officials to join a conference in an effort to effect an amicable settlement without increasing the rate. Dropping of eight firemen from the force by the board and failure of the city to replace wornout equipment prompted the rerating.

Wide Hail Damage in Kentucky

LEXINGTON, KY.—Wide damage was caused by a hailstorm which swept across portions of six central Kentucky counties and was described as the worst in 25 years by Owen Lee, manager Tobacco Hail Adjustment Bureau here. Scott, Bourbon and Nicholas counties were the hardest hit. Losses also were reported in parts of Montgomery county and in the section of Fayette county which borders Scott and Bourbon counties. The extent of the loss to crops will not be known for several days.

Form New Tennessee Exchange

The Maury County Insurance Exchange has been organized, including in its membership agents of Columbia, Mt. Pleasant and Spring Hill, and making the 15th unit of the Tennessee Association of Insurance Agents. M. B. Frier-son and T. E. Redmond, both of Columbia, were named as chairman and secretary respectively. The new exchange will be formally inaugurated with a banquet, probably Aug. 22.

John D. Saint, manager Tennessee association, attended the organization of the new exchange. He is assisting in planning for the inauguration banquet.

Veteran Agent Is Honored

R. P. Littlejohn, oldest active business man in Marshall, Tex., and probably the oldest active agent in Texas in point of service, celebrated his 88th birthday July 24. Company field men of north Texas joined with local agents and other business men of Marshall in a joint luncheon-meeting of civic organizations. A local agent for 58 years, Mr. Littlejohn has been operating the R. P.

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Old established, well known stock fire insurance company desires services of experienced fieldmen for the States of New Jersey, Ohio and Pennsylvania.

Address K-22, The National Underwriter
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Littlejohn Insurance Agency in Marshall since 1881.

National F. & M. in South Carolina

The National Fire & Marine is now licensed in South Carolina and has appointed Dean & Silliman, Charlotte, N. C. as general agent.

Five Year Farm Policy Banned

NASHVILLE, TENN.—Commissioner McCormack has banned the use of the five-year term plan of the State Farm Fire in Tennessee. The ruling is not retroactive and policies in force are allowed to run to expiration.

Chattanooga in Class 3

CHATTANOOGA, TENN.—Chattanooga will receive rate reductions amounting to between \$125,000 and \$150,000 a year through reclassification from Class 4 to Class 3 and application of a new dwelling schedule. The city was in class 3 more than 12 years ago but was lowered when the fire department failed to comply with recommendations of the National Board.

Premiums Increase in South

Fire premiums in the south show a small increase for the first six months of 1939 over the same period of 1938 with corresponding advance in losses.

New Distribution of Public Cover

LAFAYETTE, LA.—A more equitable distribution of insurance on public property was discussed at a meeting of the Lafayette Insurance Exchange. E. A. O'Brien, president, stated that no definite action was taken but will probably be at its next session.

Expects to Move Soon

The Republic Fire of Dallas will be domiciled in its new and modern home on Cedar Springs road soon, President A. F. Pillet reports. The new home is especially designed for insurance activities. It is air conditioned and otherwise the last word in modern construction and conveniences.

No Paramount Plant in San Antonio

SAN ANTONIO, TEX.—At the meeting of the San Antonio Exchange, it was developed that the local offices being established by the Maryland Casualty and the Fidelity & Casualty are strictly service offices.

Being unable to consummate a satisfactory arrangement with the San Antonio Exchange, the Paramount Fire will not plant in San Antonio.

Only Musical Instruments Covered

The Southwestern State College of Diversified Occupations at Weatherford, Okla., was destroyed by fire, entailing total loss. The building, valued at \$25,000, when erected in 1903, was a state institution and uninsured. The only insurance reported by George W. Kline, manager of the Fire Companies Adjustment Bureau, was \$1,900 on musical instruments.

Mr. Kline reports fire loss in Oklahoma running about parallel with that of last year, but very much lower than a few years ago. Storm damage so far this year, is about 50 percent lower with losses experienced in scattered areas and none in the cities and larger towns. His records reveal no concentration of losses similar to those that occurred last year, such as the 3,000 losses reported from Lawton as the result of one storm. This year the damage has been scattered over less thickly populated areas.

NEWS BRIEFS

A loss of approximately \$100,000 was sustained by stock companies in the fire that destroyed the Rhodes Furniture Company at Macon, Ga., July 28.

Stone & Kessler agency, New Orleans, has been dissolved by mutual consent. Mr. Stone will continue in the Q. & C. building as the Lawrence A. Stone agency while Marion Kessler

will operate the Kessler Agency at 314 Camp street.

Floyd West, general agent at Dallas, is in California for an extended vacation.

The Holly Springs, Miss., agency of the late C. H. Wright has been purchased by Mrs. Everett Slayden, who will operate as Gladys Sladen Insurance Agency.

George B. Raine, Fire Company's Adjustment Bureau, addressed the Nashville Association of Insurance Women on handling policy applications and claims in an agency office. Plans for an insurance school for office workers were discussed.

COAST

California Agents to Meet in Oakland Nov. 6-8

The convention of the California Association of Insurance Agents Nov. 6-8 in Oakland, will be devoted to ways and means of producing more business and retaining old clients.

One afternoon will be devoted to an open forum conducted under the auspices of the Profit Motive Institute of Los Angeles, which was organized by a group of Los Angeles insurance men, representing companies and producers, to counteract activities of consumer-cooperatives and buying clubs. Another session will be devoted to discussion and explanation of proved selling methods.

The Oakland committee in charge has arranged an unusual entertainment program and diversion, starting with a buffet supper the night before the convention opens. S. J. MacBeth is chairman of the Oakland convention committee.

Patterson Named to Train California Investigators

R. L. Patterson, well known former local agent and state assemblyman, who has been conducting the educational program sponsored by the California Association of Insurance Agents under auspices of the University of California, has been retained by Commissioner Anthony Caminetti, Jr., to conduct a course of instruction for the several investigators about to be appointed for the purpose of enforcing the agents and brokers qualification laws.

These provisions have been but partially enforced in the past owing to lack of funds for investigators. At the last session of the legislature a new fee law

Dog — The Friend of Man



THE COLLIE

Wolf, favorite red gold Collie of Albert Payson Terhune, made headlines in the papers by a heroic rescue in 1923.

He was passing near a railroad track on a summer's evening when the headlight from the on-rushing train showed a mongrel dog in the middle of the track.

Stupefied by the noisy approach of the engine, the cur crouched trembling between the rails. Wolf barked a warning. Again he barked, but the mongrel was too scared to move.

Then Wolf flung himself forward. He grasped the mongrel by the nape of the neck as the locomotive cow-catcher loomed just above. He managed to throw the cur far down into the ditch. But he did not have time to save himself. Thus he gave his life that another might live.

Wolf's unselfish sacrifice will endure in the lore of dogs through the years to come.

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was enacted which is expected to provide these funds. The new and higher fee scheduled was supported by the organized agents and brokers in order that the required funds may be made available.

Prior to retiring from the agency business several years ago when he was sent to Washington, D. C., in behalf of the state, Mr. Patterson was prominent in affairs of the California association. It is understood Commissioner Caminetti plans to divide the state into ten districts for the purpose of carrying on this enforcement work more effectively. Each district will have an investigator.

Oregon Results Are Analyzed

The Oregon department has printed its annual report, showing that the premiums of stock fire companies in the state last year amounted to \$6,523,295, a decrease of \$840,462 or 11.41 percent under 1937. Losses paid amounted to \$3,190,075, a slight decrease. The loss ratio was 48.9 as compared with 44.05 the year before and 43.27 for 1936.

Mutual fire companies had premiums of \$1,333,455 with losses of \$550,133. There was a decrease of 6.49 percent in premiums. The loss ratio was 41.26 as compared with 34.98 the year before and 45.12 in 1936. The premiums of casualty companies in the state amounted to \$9,204,030, an increase of 5.25 percent. The total losses paid were \$4,734,206.

The revenues of the Oregon department amounted to \$845,891, an increase of \$67,058. Total expenditures were \$43,691. Below is given a summary of premiums and losses according to the classification followed by the Oregon department:

| | Premiums Received | Losses Paid |
|----------------------------------|-------------------|-------------|
| Accident and health..... | \$1,561,723 | \$ 928,599 |
| Aircraft..... | 2,398 | 354 |
| Auto (collision)..... | 1,687,324 | 1,154,710 |
| Auto (fire and theft)..... | 724,210 | 223,334 |
| Auto (liability)..... | 2,703,385 | 1,234,046 |
| Auto (miscellaneous)..... | 217,937 | 124,012 |
| Auto (prop. damage)..... | 957,822 | 381,660 |
| Burglary and theft..... | 189,677 | 67,237 |
| Credit..... | 1,737 | -96 |
| Earthquake..... | 1,752 | |
| Fidelity-surety..... | 672,484 | 284,410 |
| Fire (inter-insurers)..... | 127,013 | 31,352 |
| Fire (miscellaneous)..... | 7,939 | 628 |
| Fire (mutual)..... | 1,131,356 | 464,639 |
| Fire (stock)..... | 3,771,168 | 1,437,656 |
| Fraternal..... | 1,455,345 | 829,231 |
| Hail (growing crops)..... | 10,531 | 2,651 |
| Hospital association..... | 1,607,460 | 1,588,707 |
| Inland navigation..... | 368,624 | 193,445 |
| Liability (other than auto)..... | 777,683 | 211,235 |
| Miscellaneous..... | 85,433 | 32,004 |
| Ocean marine..... | 396,039 | 305,031 |
| Plate glass..... | 57,080 | 24,037 |
| Riot, civil commotion..... | 28,027 | 3,123 |
| Sprinkler leakage..... | 5,462 | 320 |
| Steam boiler..... | 111,614 | 11,522 |
| Surplus line..... | 234,394 | |
| Tornado, windstorm, etc..... | 10,238 | 1,607 |
| Workmen's comp..... | 226,215 | 85,157 |

Funeral Directors' Deals Are Opposed in California

Strong objection to the action of the California Funeral Directors Association in making two "group" insurance deals with a mutual fire and an automobile reciprocal in behalf of members was voiced by the California Association of Insurance Agents. The hint was given that companies and producers—regardless of prominence—are in for further criticism because of similar deals.

The Farmers Automobile Interinsurance Exchange made the group deal for the automobile liability business of undertakers of the state. The fire company, which, according to the circular gives a premium reduction of 50 percent from "board basis rates," is the Oregon Mutual Fire, McMinnville, Ore.

In discussing the action of the undertakers' association, the association says: "It is difficult to understand how an organization which stands for fair practices for its own members should contribute so extensively in tearing down an ethical structure which a kindred association is attempting to erect. While caskets and other supplies may be purchased wholesale, yet insurance is no

such commodity. Funeral directors as well as some insurance companies and producers indulging in group insurance schemes are certain to have a rude awakening one of these days."

Big Fires in Washington

VANCOUVER, WASH.—Four industrial plants are in ruins following a spectacular \$250,000 fire which swept the A. B. & C. Packing Company; the Northwest Equipment Company; the McLaughlin Lumber Company and the Collins Concrete Pipe Co. here.

Another fire at Hood River started in the plant of Kelly Brothers, spread to Big 7 plant of Apple Growers Association and burned all night. Damage to the Kelly plant was estimated at \$40,000 with the additional loss of \$90,000 worth of brandy stored under government bond. The Big 7 plant was damaged about \$125,000 covered by insurance. In both plants were stored large quantities of box shooks and boxes.

The Big 7 was a huge cold storage warehouse as well as a packing plant and its destruction will limit facilities for storage of the apple and pear crop which is coming on soon.

Nichols Honored at Luncheon

LOS ANGELES — V. A. Nichols, Washington, D. C., president National Association of Independent Adjusters, was the honor guest and speaker at an informal luncheon tendered him here. J. P. McHale, independent adjuster presided, and Mr. Nichols was introduced by William Whitchurch, vice-president California Agencies, Inc.

Mr. Nichols traced the progress of the association, since its organization two years ago, and cited the confidence in the organization and its members displayed by company executives, as well as recognition by the American Bar Association. The association now numbers 172 members.

Pearl Suit in Montana Dismissed

HELENA, MONT.—The suit filed by P. D. Davidson restraining payment of premium on a \$10,000,000 fire insurance policy issued by Pearl covering state-owned property has been dismissed.

Davidson charged that by the contract with Pearl the state would pay \$12,956 more than the "standard companies" would charge for the same coverage.

This is the second suit which failed to upset the present fire insurance contract between the Pearl and the state. The first suit seeking to restrain payment of \$75,610 of premium to the Pearl was also withdrawn.

Mrs. Haupt Elected Secretary

Mrs. Mary Lee Haupt, widow of Harold D. Haupt, who died recently at the age of 36 after a short illness, has been elected secretary-treasurer of the Reinsurance Underwriters, Inc., of San Francisco. Mrs. Haupt will represent the estate of Mr. Haupt on the board. Otis Clark, formerly with the Bankers & Shippers, was elected president two weeks ago to succeed Mr. Haupt. At present Mr. Clark is in New York.

Page Awards F. U. A. P. Prizes

SAN FRANCISCO — President Charles R. Page of the Fireman's Fund presented the five young men who won leading grades in the recent examinations conducted by the Fire Underwriters Association of the Pacific with prizes. First prize of \$50 went to W. M. Van Bokkelen, with a grade of 93 percent in the inland marine course. George C. Sturges, Harold J. Johnson, M. M. Tompkins and Donald A. Knapp each won \$25 for high grades in the three fire insurance courses.

Refunds Due on Montana Fund

HELENA, MONT.—Counties and school districts in Montana have \$25,475 due in refunds from the now outlawed state insurance act of 1935. Commissioner Holmes has announced. Additional refunds amounting to \$8,170 are

due state departments. The state insurance act, passed by the 1935 legislature, was invalidated by the voters at the November, 1936 election. While it was in effect, the state issued policies calling for premium payments of \$249,518, of which \$114,797 was collected. Earned premiums totaled \$90,496. Premium refunds were authorized by an act of the 1939 legislature session. There is approximately \$34,000 in the state fund now.

Standard Agency, Los Angeles, has been incorporated by L. M. Duntley, Burdette Henney and Robert Garden.

EAST

Pennsylvania Agent Program Is Shaping

The program for the annual convention of the Pennsylvania Association of Insurance Agents at Galen Hall, Wernersville, Pa., Sept. 13-15 is rounding out with the acceptance of additional speakers.

The National Association of Insurance Agents will be represented by the executive chairman, Sidney O. Smith, Gainesville, Ga. He has long been active in the National association and assisted in creation of the Stock Company Association to take care of insurance requirements of the HOLC. He also helped to organize the Business Development Office and served on it as the National association's representative during its formative period.

Duffus Also to Speak

Another headline speaker will be Roy A. Duffus, prominent local agent of Rochester, N. Y. He is a member of the 59-year old James Johnson Agency, active in insurance organization affairs, a successful producer and is nationally known as an able and forceful speaker. J. W. Randall, vice-president Travelers, and N. B. McCulloch, production manager Globe Indemnity, previously were announced as being on the program. Two or three additional speakers soon will be announced.

Cronin Loses His Suit Over James Roosevelt Activities

BOSTON — Arthur D. Cronin, Boston broker who sued the National Shawmut Bank for \$75,000 to recover \$31,750 in commissions which Cronin alleged was paid to James Roosevelt, son of the President, when they should have been paid to him, lost his suit through a decision handed down by Judge Williams of superior court.

Cronin sued the bank for alleged breach of contract, claiming he had set up relations of principal and agent between himself and the bank by virtue of being the proximate cause of furnishing coverage for the bank for time sales on automobiles at a time when the bank could not get it in any other way. The bank awarded the insurance to Roosevelt & Sargent, claiming Cronin was only one of several bidders for the business.

Cronin maintained the case should have gone to a jury and the case came before Judge Williams on a stipulation whereby the court would enter a finding for Cronin for \$31,750 if it found the case should have gone to a jury. Judge Williams, however, found the evidence heard by Municipal Judge Putnam, as auditor, did not require submission to a jury.

Adverse Legislation Defeated

HARRISBURG, PA.—Compulsory automobile insurance proposals and bills to establish compulsory health insurance in Pennsylvania were among measures which failed passage during the 1939 legislature after being successfully opposed by the Pennsylvania Association

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of Insurance Agents, Frank D. Moses, secretary reports.

Other bills objectionable to the insurance agents and which were smothered in committee, included measures to put savings banks in the insurance business, require bonds of real estate brokers, prevent cancellation of accident and health policies except for non-payment of premium, place the making of compensation rates in the hands of the insurance department, and establish uniform commissions for fire insurance agents.

Mr. Moses said local boards worked well with the state group in legislative matters by exerting a wholesome influence on legislators.

Rhode Island License Ruling

Commissioner H. N. Morin of Rhode Island has issued a ruling concerning licensing of insurance brokers to the effect that examination will be required of all applicants for new licenses under the provision of Chapter 152 of the general laws to determine the fitness of those seeking such. Similar examinations, the ruling held, will be required of applicants for the renewal of licenses, in

the discretion of the department. Effective Aug. 1, no members or employees of partnerships and no employees of corporations shall act as insurance brokers as defined by the chapter unless licensed by the department. An agent's or broker's license issued to the firm or corporation shall not authorize the negotiation of contracts of insurance by such individuals.

Vermont Agents Meeting

The annual meeting of the Vermont Association of Insurance Agents will be held at Basin Harbor, Lake Champlain, Sept. 21.

H. F. Shea of Montpelier is Vermont president; Newton Smith of Brandon, vice-president; A. C. Mason, Rutland, secretary; W. C. Lawrence, Springfield, chairman executive committee. The National association will be represented by C. Stanley Stults of Highstown, N. J., who is a member of its executive committee.

The W. C. & H. M. Foote Agency has been formed in Vergennes, Vt., and has

purchased the William J. Strong agency and the C. T. S. Pierce agency. The new firm will be made up of Harold M. Foote, now conducting an agency in Vergennes, and his father Wallace C. Foote.

W. Frank Marshall, formerly vice-president and general manager of the Philadelphia Surety & Insurance Agency, has become associated with the Henry W. Brown & Co. insurance brokerage firm of that city. He will continue to conduct his business in the name of W. F. Marshall & Co., but all his business will be handled by Henry W. Brown & Co.

CANADIAN

New Auto Application Form Is Approved in Canada

TORONTO—With the object of retaining uniformity in insurance forms a supplementary automobile application has been approved for companies operating in Canada which desire fuller information than that provided in the standard form adopted in 1932.

The supplementary form has been approved by the standing committee on automobile insurance forms and by Superintendent McNairn of Ontario, on behalf of the Association of Superintendents. Its use has been recommended in all provinces except Quebec, which has not adopted the uniform automobile insurance act.

The questions in the supplementary form may be summarized as follows:

- Is "passenger hazard included endorsement" required? (Applicable to private passenger cars only.)
- For how many years has the applicant operated an automobile . . . owned an automobile?
- Has the applicant or any member of his family or household been convicted of reckless driving or other offenses in the operation of an automobile to the knowledge of the applicant? If yes, give particulars.
- Will the automobile be operated by anyone with any physical disabilities? If so, give particulars.
- State names, ages, driving experience and automobile accident claim record of all persons who will operate the automobile.

Premiums Show Slight Drop

In 1938 Canadian net fire premiums, excluding adjustment expenses and deducting registered reinsurance, amounted to \$43,398,321 and the net losses incurred were \$17,765,969, with a loss ratio of 40.94 percent, compared with premiums of \$43,510,218 and losses incurred of \$15,185,068 with a loss ratio of 34.90 percent in 1937, according to Superintendent Finlayson.

The ratio of losses to premiums in the different provinces for 1938 with that for 1937 in parenthesis follows: Alberta, 34.86 (40.20); British Columbia, 48.71 (44.04); Manitoba, 31.90 (27.76); New Brunswick, 38.94 (33.51); Nova Scotia, 43.97 (47.15); Ontario, 40.06 (31.77); Prince Edward Island, 29.38 (38.99); Quebec, 48.37 (36.84); Saskatchewan, 19.43 (24.80). All other Canada, 6.27 (1.50).

Map Mich. Medical Cover Plan

LANSING, MICH.—Group medical insurance will probably be offered in the fall by an organization sponsored by the Michigan State Medical Society. Formation of service corporations selling medical service on a fixed fee basis was legalized by the 1939 legislature.

Michigan Medical Service has been formed by 11 medical society members. The plan must be approved by the society's council and house of delegates.

There is no plan to "sell" the plan but the service will be provided as it is demanded by groups, probably chiefly employ groups willing to have their "premiums" paid by salary deductions. Free choice from among subscribing doctors is a feature.

Illinois Reference Book for 1939 Now Being Distributed

The Underwriters' Handbook of Illinois for 1939 is being distributed this week from the press of THE NATIONAL UNDERWRITER. This is the earliest date on which it has ever been published, it usually appearing in September, but special effort on the part of the compilers brought it out early this year because of the interest in insurance in Illinois.

The book contains 720 pages crammed full of interesting and valuable data on Illinois insurance-wise. The agency department lists all of the agents in the state licensed by the insurance department and shows the members of each agency, date established, address, list of companies represented, and other business transacted, if any. This data is listed alphabetically by cities and towns so that the user has complete information on any one town in one spot. The brokers' licenses numbers of those who are licensed in this manner are also shown with a special listing of all the brokers in each town under that town's information.

Other sections give complete information on all companies licensed—home office address, officers, field men and general agents, lines, written and business done in Illinois for several years. The names of the fire field men and the life and casualty general agents and managers are listed alphabetically in separate sections for easy cross-reference. Other features include: resume of insurance laws of the state, town classification as to fire protection, lists of local and national insurance organizations, together with officers and addresses, lists of attorneys and adjusters specializing in insurance work and many other valuable bits of information.

The Illinois Hand-Book covers all branches of the business—fire, casualty and life, stock, mutual and reciprocal and gives data on many organizations not found in any other reference book as they are too small or operate only locally.

The compilers find that there is a small drop in the number of licenses secured from the Illinois department this year, 32,167 licenses being received compared with 32,778 in 1938. These figures do not include the life licenses as this number is not available.

This book contains a great mass of information which is interesting and invaluable to anyone interested in insurance in the state. Its companion publication—the "Underwriter's Hand-Book of Chicago and Cook County"—was published a month ago. This book is issued separately for the convenience of those interested in this special territory and gives very complete data on Cook county.

Governor Ratter of Kansas has officially turned down the request of State Senator McDonald to call a special session of the Kansas legislature to investigate the settlement of the Kansas fire insurance rate case some nine years ago. The governor stated that the courts had approved the settlement and he pointed out that McDonald's request is belated, as he has been a member of the legislature for the past nine years and could have instituted his request much earlier.

See End to Assessment Fight

LANSING, MICH.—Indications this week are that the long fight to collect an assessment against members of the defunct Lapeer Farmers Mutual is nearly ended and that a great part of the assessment will be collected within a few months.

W. G. Simpson, the receiver, is pressing suits in several counties and a number of default judgments have been given. The group of members facing the largest assessments that banded to fight collection is said to be disintegrat-

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ing with a number entering into settlements to avoid continuance of suits against them. C. E. Gilliland, who got the group together, is serving the remainder of a 30-day sentence for contempt of court in the jail at Mason.

First Out with "Grid" Schedule

Standard Accident has published in vest pocket size the complete football schedules of the leading colleges and universities. Standard Accident believes that it is the first publisher of such an exhibit this year, getting it out in July. This is the 12th edition of the Standard Accident schedule that has developed from the schedule of a few local teams to those of more than 100 colleges as well as the schedules of the professional teams.

C. A. Lofgren's Status Clarified

In printing last week the news that Carl A. Lofgren had taken the general agency of Merchants Fire of Denver for Wisconsin, the impression was created that he had severed his connection with Security Fire of Davenport as Wisconsin state agent. As a matter of fact Mr. Lofgren's connection with Security Fire is unchanged. He has taken Merchants Fire as an additional facility.

L. W. Riggs, city manager for National Liberty in Boston, passed through Chicago recently. Mr. Riggs is visiting with his parents in Iowa, but on his return expects to spend some time renewing old friendships in Chicago.

Protective Indemnity has been licensed in Minnesota.

The Ditmer Agency at Greenville, O., has been sold to C. S. Cassell.

MOTOR

New Auto Club in Southern California

LOS ANGELES—The Golden State Automobile Club is being organized here by the Southern California Motor Car Dealers Association to start Sept. 1.

The National Automobile is on the qualifying bond of the company for \$100,000, and that company with the West American will carry the insurance on the lines written through the club. Leonard Newport, a Los Angeles general agent, will act as insurance advisor.

Officers are: President, A. J. Dingeman; executive vice-president, W. H. Alexander; vice-president and board chairman, C. S. Mead; secretary-treasurer, M. B. Towman.

The new club is capitalized at \$500,000, and expects to begin operations with a paid in capital of \$250,000, subscribed on the basis of \$10 for preferred shares, and \$1 for common shares, with a limit of \$1,020 stock purchases by any one dealer.

To Supply Complete Protection

The new club is being organized by the dealers for the purpose of supplying automobile dealers and their salesman a complete insurance program on both new cars and renewals. It will follow the independent automobile writing companies on rates and will charge a membership fee of \$10. It promises to give service comparable with the National Automobile Club and the Automobile Club of Southern California.

When this club is in operation, there will be four such organizations active in Los Angeles: National Automobile Club (Owned and operated by Pacific Board fire companies), Automobile Club of Southern California, (Operating its own interinsurance exchange), Brooks Randall Automobile Club (Owned and operated by the insurance firm of E. Brooks Randall & Sons), and the Golden State. In addition the West American has incorporated the West

American Automobile Club and has had its name approved by the insurance department. It has applied to the department for a certificate of authority to transact business as a motor service club.

MARINE

Moves Southern Marine Headquarters to Houston

The headquarters of the southern marine department of Automobile and Standard Fire of Hartford are being moved from Atlanta to Houston, with headquarters in the Cotton Exchange Building. H. I. Schweppe, the manager, will move to Houston and will be assisted by V. B. Hooks, Jr., state agent. The Atlanta office will provide underwriting and service facilities for agents in Florida, Georgia, North Carolina, South Carolina, eastern Tennessee and northern Alabama. That office will be in charge of H. D. Van Gils, assistant manager, and comes under the general supervision of Mr. Schweppe. Agents in Texas, Oklahoma, Arkansas, western Tennessee, Louisiana, Mississippi and southern Alabama will report through the Houston office.

The marine service office at New Orleans is being retained.

Gressett to New Orleans

Maurice A. Gressett has been assigned to the southern department of the Aetna Fire with headquarters in New Orleans as marine special agent. He will assist Marine Manager J. J. Brill in supervising and underwriting both inland and ocean marine business.

Municipal Association to Discuss Insurance Setup

John D. Saint, manager of the Tennessee Association of Insurance Agents, has requested members to have a talk with their city officials on the merits of stock insurance so as to be sure that the stock plan is well represented in the discussions on the subject of insurance at the annual meeting of the American Municipal Association in Chicago in October of this year. According to Mr. Saint, economies in insurance purchases will form a large part of the discussion at that meeting. Those members of the Tennessee Agents Association who hold membership in the American Municipal Association or who are eligible to belong to that association by holding public offices in the city government are asked to set forth the facts about themselves.

Mr. Saint states that other stock organizations are conducting similar surveys.

Cincinnati Mayor on Program

Mayor Stewart of Cincinnati will address a luncheon meeting the second day of the annual convention of the Ohio Association of Insurance Agents, to be held in the Biltmore Hotel, Dayton, Oct. 16-18. He was to have spoken at the convention last year, but was taken ill.

President L. C. Jones, Youngstown; Austin McElroy, national councillor, of Columbus, and Robley E. Willis, Columbus, assistant secretary, met with the Dayton convention committee there Wednesday to complete plans for entertainment features.

Springfield Issues Mid-year Report

Springfield Fire & Marine has issued its mid-year statement, showing assets \$33,723,204, premium reserve \$12,175,147, capital \$5,000,000, net surplus \$13,985,764. Premium writing for the first six months were \$6,420,010, gain of about \$6,000 over the same period of last year.

D. F. Broderick, president of Dear-

Deny Knowledge of Street's Moves

(CONTINUED FROM PAGE 3)

by Frank Hollingsworth of Mexico, Mo., special attorney for the department in these proceedings. They were assisted by L. W. Holman of Moberly, Mo., who has been retained by the department in this undertaking. He did not participate in the questioning.

Barnett's Attitude Fair

Barnett's attitude was manifestly fair. He is well grounded in the particulars of the case and is familiar with the various companies and many of the personalities. He was the special master that took testimony over a period of many months several years ago in the 16 2/3 percent increase case as to the merits of the increase in rate. As a matter of fact, he had made his report, which was very favorable to the companies' position and encouraged the company attorneys to believe that they would have won the case had Mr. Street not entered into the compromise.

The attorneys for the department were striving to prove that the western department officials who gave their checks payable to C. R. Street, agent, representing 5 percent of their impounded premiums in the Missouri case, must have known that the money was to be used for irregular purposes. It was this money, amounting to about \$450,000, that was put into the hands of A. L. McCormack, Missouri local agent, by Mr. Street in 1936, and it was eventually divided among T. J. Pendergast, Democratic leader of Kansas City, R. E. O'Malley, former Missouri superintendent, and McCormack. Most of the witnesses testified that they gave these checks to Mr. Street, without question, and without suspecting that the money was to be used for anything but legitimate purposes. Hollingsworth and Henson at times were aggressive in their questioning. Sometimes, for instance, Henson, faced with a reply of a witness that he did not know what the checks were for, would say: "You mean you didn't want to know?"

Feature 30% Fund

The questioners for the state undertook to put the witnesses in a bad light, by establishing that they knew that the trust fund, embracing 30 percent of the impounded premiums, was to be used to pay all expenses incident to the winding up of the case, with the virtual certainty that there would be a remainder for distribution to the companies. Having established that the witnesses did know that fact, the questioners then sought to get the witnesses to admit that Mr. Street's request for an additional 5 percent was most unusual.

Most of the witnesses testified that they gave Mr. Street the 5 percent checks merely because he asked for it. A few, however, testified that they had questioned Mr. Street. Apparently he offered various explanations.

According to the testimony, Mr. Street had his greatest difficulty in getting the money from Carsten Claussen, western manager of London & Lancashire. Mr. Claussen gave his account in a forthright manner, without being prompted by questions and his testimony was decidedly the highlight of the hearings.

Street Called on Claussen

Mr. Claussen testified that Mr. Street called on him personally in his office some time in March, 1936. That was

born National of Detroit and who also owns a controlling interest in Great Lakes Casualty, sailed Saturday from New York for a visit to Ireland. He will join his wife and his father, who are already in that country.

Mrs. Nancy A. Brown, mother of H. D. Balyeat of the W. S. Hukill agency in Cincinnati, died in Van Wert, O., this week at the age of 78.

after the compromise settlement had been validated by the federal court. Mr. Street told Mr. Claussen that he had in his pocket checks for the London & Lancashire companies representing 11 percent of their impounded premiums in Missouri. This 11 percent was the official distribution at that time from the 30 percent fund, for which Street and Folonic were trustees. Mr. Street, ac-



CARSTEN CLAUSSEN

ording to the testimony, said that he was prepared to turn these checks over to Mr. Claussen if the latter in turn would turn over to him (Street) checks in the amount of 5 percent of the impounded premium. Mr. Claussen said that he inquired why Mr. Street desired to handle the transaction that way; why he did not merely give to London & Lancashire a check for 6 percent net. Mr. Street, according to the testimony, said that this was being done to "simplify the bookkeeping" and "to keep the records uniform."

Mr. Claussen said that he asked Mr.

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Street what the 5 percent checks were to be used for. Mr. Street replied that he couldn't tell Mr. Claussen just at that time. Mr. Claussen said he told Mr. Street that this was an unusual request and that he desired to have some information about it; that he had no authority to give out money under those circumstances and that he must have some explanation for his home office in London.

Told of N. Y. Conference

Mr. Street replied that he was sorry he could not give that information just now. He said that the previous week he had been in New York where he called a meeting of company executives and that he had in his pocket checks from all of the managers in the east, representing 5 percent of their impounded premiums. Mr. Street offered to show these checks to Mr. Claussen, but the latter said that he was satisfied that Mr. Street did have the checks and he would not ask him to produce them.

"I then asked Mr. Street," Mr. Claussen testified, "whether this money was to be used to buy a judge or something."

"He said," Mr. Claussen continued, "I can answer that positively no, the money is to be used for legitimate expenses only."

Upon getting that assurance, Mr. Claussen testified that he rang for his accountant, requested him to check over the figures and Mr. Claussen had checks drawn to Mr. Street and handed the checks to him. Mr. Claussen indicated that his reason for questioning Mr. Street so closely was to get a satisfactory statement to send to the home office.

Mr. Claussen's testimony seemed to have a decidedly favorable effect all around. The master directed the state's representatives to treat Mr. Claussen with consideration and to treat him as their own witness. His testimony was in contrast to that of most of the others, who said that they had relied exclusively on Mr. Street's reputation for integrity, in handing him the checks without question.

Mr. Claussen was the first witness Saturday morning. The newspaper reporters did not arrive on the scene until after he was nearly through and they got the official stenographer to read back his testimony later.

Letter to Home Office

Mr. Claussen testified that he had written a letter to his home office in London, regarding the Street incident, but he could not produce it at the time because his office was closed for the day. However, he agreed to forward it to New York.

C. H. Smith of Smith & Wheeler, western managers of Hartford Fire, was the final witness. He said that he went on the subscribers' actuarial committee in June, 1937; that the only official discussion on the part of the committee of the Missouri rate case since that time has been on the question of further distribution to the companies from the 30 percent trust fund. He said that he knew nothing of the fund raised by an assessment of 5 percent that was levied by Mr. Street until he read the newspaper stories this spring. "When I first read it, I thought it couldn't be true," he testified.

Russell D. Hobbs was the first witness. He testified that he has been secretary of the subscribers' actuarial committee from September, 1935. The present members of that committee, he said, are George H. Bell, National Fire; S. M. Buck, Great American; H. A. Clark, Firemen's; J. C. Harding, Springfield F. & M.; E. A. Henne, America Fore; F. W. Koeckert, Commercial Union; W. H. Robertson, North America; C. H. Smith, Hartford Fire.

Setup of the Committee

During the first six months of 1935, he testified that Mr. Street was chairman of the subscribers' committee and that the late J. V. Parker was secretary. He explained that the subscribers' committee is selected by the subscribers to the various state rating bureaus. They are elected at the semi-annual meetings.

The subscribers' committee, he testified, was formed in 1915 to work out details in connection with changes that had then been promulgated in the term rule. Prior to 1915 a three-year term policy, he said, was written for two annual premiums. At that time it was changed to 2½ annual premiums and there was a reduction in the annual rate. This change caused a good deal of confusion. The machinery of administration was awkward, as there were separate



RUSSELL D. HOBBS

committees functioning in each state, 14 in all in the middle west. As a result of the work done by the subscribers' committee at that time, the individual state committees were abandoned and the subscribers' committee was given jurisdiction of the state rating bureaus in their administrative and financial aspects. The committee, he testified, had charge of the 16⅓ percent rate increase case. He was asked whether he made records of the meetings of the subscribers' committee and he answered that he did. He was asked when he first got word of the settlement of that case and replied that he did not recall the exact date. He said that notice was sent to all companies. In response to a question he replied that Mr. Street did most of the work in connection with the case. He said that at the meetings Mr. Street gave brief summaries of the case from time to time, based on information that he had received from the attorneys. He said that no record was made in committee meeting of the terms of the settlement.

Question of \$100,000 Fund

He was asked whether Mr. Street reported that he got \$100,000 from the companies in accomplishing the settlement. Mr. Hobbs replied that he did not have that information. The \$100,000 was raised by Mr. Street in 1935 from 14 companies, as an advance against expenses. This money was the first payment to McCormack. Those companies that contributed to this fund were credited by Mr. Street when he made the 5 percent collection in 1936.

Mr. Hobbs, in answer to a question, said that the subscribers' committee did not receive the \$100,000.

In answer to a question, he said that in March, 1936, Mr. Street did not report to the committee that he had collected 5 percent of the impounded funds.

Didn't Inquire of Street

Mr. Hobbs was asked whether he knew that the 5 percent was paid to Mr. Street. Mr. Hobbs replied that he received a telephone call from one company, saying that they had a request from Mr. Street for payment of expenses. Mr. Hobbs said that he told them to ask Mr. Street what that was for. Mr. Hobbs was asked whether he had asked Mr. Street about this 5 percent business. Mr. Hobbs replied that he did not.

"Why did you not ask Mr. Street?" Mr. Hobbs was asked. "Did you know

Mr. Street?" was the reply. Several of the witnesses made the identical reply, in the form of this question, in answer to the question why they did not demand an explanation from Mr. Street.

"Mr. Street," Mr. Hobbs declared, "told me what he wanted me to know. I let him tell me what he wanted to."

Mr. Hobbs in answer to a question, said that he did not tell any member of the committee that he had learned that Mr. Street was making a 5 percent assessment.

In response to a question, Mr. Hobbs declared that he was not advised about the progress of the negotiations for a compromise until they were completed. He said that Mr. Street did not disclose to the committee the terms of the proposed compromise. He said that Mr. Street did not ask the committee to approve any special funds for his use.

Records of Committee

Mr. Hobbs offered the records of the subscribers' actuarial committee and he spent two or three hours with Mr. Henson going over those records. Henson took out certain minutes of meetings and these were referred to in later testimony.

The next witness was E. A. Henne. He testified that he became chairman of the actuarial committee in December, 1936. In answer to a question he said that he did not know the amount of the attorneys' fees that had been paid since the inception of the Missouri litigation. He explained that the subscribers' committee passed upon attorneys' fees and other expenses and certified the bills to the Missouri Inspection Bureau. The inspection bureau, in turn, loaded its assessment upon subscribers to de-



E. A. HENNE

fray that expense. After the compromise settlement was signed, Mr. Street did not call on the committee for any expense money, according to Mr. Henne. In answer to the question of whether Mr. Street had called upon the America Fore companies for payment of any funds, Mr. Henne testified that he understood that Mr. Street called upon the New York office of America Fore. He was asked whether he had any knowledge of a check for some \$15,000 that was issued by Continental Insurance Company in May, 1935. Mr. Henne replied that B. M. Culver, president of America Fore, told him about this check several weeks or months afterward. The check was payable to Street. The Continental check was dated May 2, 1935, and the settlement was signed May 18. The western department of Continental, he said, was not debited with the \$15,000 until April, 1936.

Curiosity Was Not Aroused

Mr. Henne testified that it did not strike him as peculiar that checks were made payable to Mr. Street as agent. He said that it never occurred to him to inquire into the situation because the disbursement was made by the New York office and he would not challenge

what they had done. In answer to a question, he said he has not to this day made any effort to find out what became of the money that Street raised. "You didn't want to know anything about it, did you?" he was asked. The matter, he testified, has not been discussed by the subscribers' actuarial committee and no one has undertaken to investigate whether the charges are true.

Mr. Barnett asked Mr. Henne whether it had occurred to him that Mr. Street had exceeded his authority. "No," he replied, "not knowing Mr. Street as I did." He answered "No" to the question, "Didn't it excite your curiosity at all?" He answered "Yes" to the question: "You recognized it as out of the usual order of business?"

Mr. Bullitt inquired whether the subscribers' committee employed Hicks & Folonic of Chicago and Homer Berger of Kansas City as attorneys in the 137 suits in the federal court. Mr. Henne replied that Hicks & Folonic had been on retainer as counsel for the Western Underwriters Association companies and that they were the natural ones to handle the litigation. He said that he did not know who authorized Hicks & Folonic to bring the suits.

Walter Williams on Stand

Walter D. Williams of Rockford, Ill., who retired this spring as president and as western manager of Security of New Haven, was the next witness. He testified that he had no knowledge of the negotiations that were pending for a compromise settlement of the Missouri case until it was submitted as a finished matter. Attorneys for the state produced a letter from Mr. Street to Mr. Williams dated March 17, 1936, referring to the enclosure of two checks to Security and affiliated East & West for 11 percent of their impounded premiums. Attached was a note written in longhand reading: "Dear Walter: Was in New York last week. Arranged with the big boys down there for handling this matter. Please send me check for 5 percent. Will give you details later. All will do same thing."

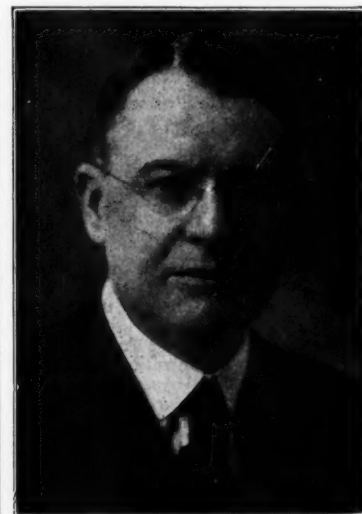
Mr. Williams testified that he sent the check, as requested, payable to Mr. Street as agent. He was asked for whom he thought Mr. Street was acting as agent and he replied that he did not know.

"Why," Mr. Williams was asked, "did you make a check payable to Mr. Street as agent for an unknown principal?"

"Did you know Mr. Street?" Mr. Williams asked.

In answer to a question Mr. Williams testified that the transaction did not seem mysterious to him at the time, knowing Mr. Street for years back as he had. He said that he had the check made out solely because Mr. Street asked for it. He said that he had absolute confidence in Mr. Street's integrity and ability.

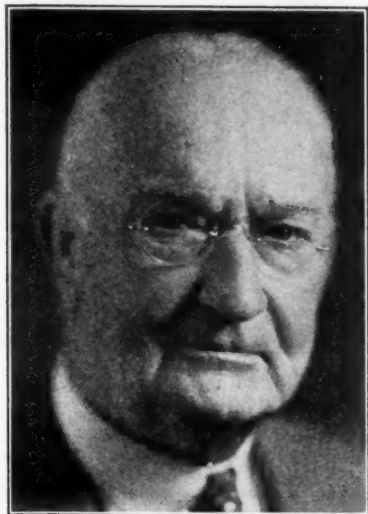
A. F. Powrie, western manager of Fire Association, then took the stand. Mr. Street called Mr. Powrie on the



A. F. POWRIE

telephone, asking him for the Fire Association's share, the witness testified. Mr. Powrie gave the check as requested. He said that he didn't ask what the money was to be used for. He didn't give it a thought, he testified.

George H. Bell, western manager of National Fire, was the first witness Friday morning. As a member of the subscribers' committee he was asked whether the Missouri case had been dis-



GEORGE H. BELL

cussed by the committee. He said that it had, that there was much pressure on the companies to get rid of the litigation. The pressure, he said, came mainly from local agents who were anxious to get their commissions. In answer to the question whether the committee delegated Mr. Street to make the settlement, Mr. Bell said that it did give Mr. Street sole authority to negotiate. He said there were no restrictions placed on his authority.

Mr. Bell said that the companies thought they had won the litigation, but they decided to make the sacrifice of returning some of the impounded premiums to the policyholders, in order to put an end to the litigation. He pointed out that the companies had not been able to make progress in Missouri during the pendency of the rate litigation. They could not make applicable there the various modernized forms of coverage that had been introduced in neighboring states.

The attorneys for the state offered in evidence the minutes of a meeting of the subscribers' committee in March,

1935, to the effect that the chairman explained at length conferences that he had had and that he expected to have in the near future. It was voted to be the sense of the meeting that the chairman be empowered to proceed with power with the contemplated conferences in the manner outlined by him.

Mr. Bell was asked as to the significance of these minutes. He was asked with whom he understood that conferences had been held and were to be held. Mr. Bell said he thought they were with the regular state officials.

"Did Mr. Street outline that he expected to raise a large sum of money to use for corrupt purposes?" Mr. Bell was asked. The answer was "No."

Mr. Bell was asked whether Mr. Street reported later on the progress of the negotiations. He said that Mr. Street reported that the possibility existed of compromising the case on the basis of 80 percent of the impounded premiums going to the companies and 20 percent to the policyholders. Details of the settlement other than that were not discussed, he said.

Mr. Bell testified that neither he nor any other member of the committee was familiar with what Mr. Street was doing.

One Report Is Missing

The minutes of another meeting referred to a report given by R. J. Folonie, July 6, 1935, outlining the terms of the settlement. Mr. Hobbs was unable to find this report in the files of the actuarial committee. Mr. Bell, in response to a question, said that he was not able to recall the details of that report.

The minutes of another meeting read to the effect that the chairman brought up the fact that Kansas City Fire & Marine had run an advertisement in the newspapers, supporting the compromise and asking that the committee pay for the cost of this advertising and that was authorized. Mr. Bell said that he did not recall that incident.

In answer to a question Mr. Bell said that on May 7, 1935, he gave a check to Hicks & Folonie for \$5,000. Mr. Street told him at that time, Mr. Bell testified, that there were some attorneys' fees and expenses to be met. Mr. Street said that he did not have the money and asked Mr. Bell to advance to Hicks & Folonie \$5,000; that there would be a general assessment later and that the advance payment would be adjusted.

On March 27, 1936, Mr. Bell gave a check to C. R. Street, agent, for \$13,655. The check had been made first payable to C. R. Street, trustee, and then had been changed to C. R. Street, agent. He was asked why the change. He made the check at the telephone request of Mr. Street, he said. The check was delivered to Mr. Street, payable to C. R. Street, trustee. Mr. Street then told Mr. Bell that he was only one of two trustees, so he requested that the check be changed. Mr. Street told Mr. Bell that he was the agent for all the companies involved in the litigation, according to the testimony.

Suspicion Not Aroused

Mr. Bell said that the request did not arouse his suspicion. He said that Mr. Street was a man of strong opinions, who occupied an unusual place in the business. He was looked upon as one of the most honorable, capable of executives. "He was a sort of Hitler," Mr. Bell went on. "He dominated everything."

In other words, Mr. Barnett remarked, "anybody that opposed him came out second best?" Mr. Bell assented to that statement.

"Knowing Mr. Street as well as I did and having dealt with him over many years . . ." Mr. Bell went on to say, "You paid because you were afraid not to," the attorney for the state asserted.

"I am not afraid of anyone," Mr. Bell declared. "If I had questioned his act he would have looked upon it as a personal affront."

Reference was made to the subscribers' committee authorizing the borrowing of \$150,000 from the St. Louis Mercantile Commerce Bank on Nov. 27,

1935, with which to pay legal expenses. The committee authorized Mr. Street and Paul Terry, manager of the inspection bureau, to borrow this money. Mr. Bell recalled the transaction.

St. Paul F. & M. Testimony

C. A. Dossdall, secretary St. Paul F. & M., the next witness, was shown a letter from Mr. Street to Mr. Dossdall referring to the distribution of 11 percent of the impounded premiums with a notation, "Send me check for 30 percent and trust me." Mr. Dossdall, in answer to a question, said that the 30 percent meant 30 percent of the amount received by St. Paul F. & M. in the form of the 11 percent distribution. Mr. Dossdall, in reply to that request, sent two checks payable to Street and Folonie, as trustees. These were later voided. Mr. Dossdall testified that Mr. Street sent the checks back and asked for new checks. In that letter Mr.

Street stated that he had been to New York where the "big boys" met. "I came home with checks from the Home and the Continental and others, all payable to C. R. Street, agent," he wrote.

In answer to a question, Mr. Dossdall said that the transaction did arouse his curiosity. In sending Mr. Street the check as requested, Mr. Dossdall in his letter said that the matter seemed involved, but that he assumed that circumstances justified the request. Mr. Street's letter to Mr. Dossdall said, "No bribery but only legitimate expenses we can't report to the court."

He was asked what expenses Mr. Street might have been referring to. Mr. Dossdall replied that he had full faith in Mr. Street. He gave no thought to that angle. He replied in the negative when he was asked, "You didn't want to know its purpose?"

There was another letter from Mr.



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Street, "Will tell you all about it at the association meeting." That referred to the forthcoming meeting of the Western Underwriters Association. Mr. Dosdall said that he did not recall whether he attended that meeting or not. He said that he had probably discussed the matter with C. F. Codere, president of St. Paul F. & M., but he said he did not recall the substance of the conversation.

Raymond Waldron, vice-president and E. C. Reekie, veteran vice-president and secretary of Detroit Fire & Marine of the Great American group, testified briefly.

S. F. Weiser, secretary Dubuque F. & M., testified that the request for the 5 percent payment to Mr. Street in March, 1936, came from H. A. Clark, vice-president and western manager of Firemen's, by telephone. Mr. Weiser said that he followed those instructions. Mr. Clark has been the representative of the Western Insurance Bureau on the subscribers' committee for many years and the Dubuque is a bureau company. William Reilly, assistant secretary Dubuque F. & M., also testified briefly.

Street Telephoned Buck

S. M. Buck, vice-president and western manager Great American, who at the time was western manager of Fireman's Fund, was the next witness. He testified that Mr. Street telephoned him, saying that he was sending two checks and on receipt, Mr. Buck should send him a check for 5 percent. Mr. Buck inquired as to the purpose of the transaction. Mr. Street said that the money was for expenses. Mr. Street rather indicated that the item should be treated as legal expenses. He told Mr. Buck that this was a temporary matter and that he would give a full accounting later.

Mr. Buck called Mr. Street back later in an endeavor to find out more about the procedure. He was asked what impelled him to call Mr. Street at that time. He said that he wanted more information, so that he could give a satisfactory report to the home office.

How to Allocate Item

Mr. Street replied at that time, according to Mr. Buck, that the money was to cover expenses and in the conversation he referred to the agreement on the part

tee decided against running a special assessment and decided upon the bank loan.

Mr. Street personally called at Mr. Clark's office to deliver the 11 percent check and to request Mr. Clark's check for 5 percent. Mr. Street, according to Mr. Clark, told him that the money was needed for attorney's fees. Mr. Clark said that he thought Mr. Street was referring to attorneys for the state. Mr. Clark asked Mr. Street why he didn't take the necessary money from the 30 percent trust fund. Mr. Street said that the money was needed for expenses on account of the cases pending in the state court as well as in the federal court and he didn't feel that he could use trust funds that pertained exclusively to the federal court case for state court expenses. Mr. Clark upon getting that explanation, authorized the making of the check. He testified that Mr. Street had asked him to get the check of Dubuque F. & M.

Harding Was Out of Town

J. C. Harding of Chicago, resident executive vice-president of Springfield F.



J. C. HARDING

& M., testified. He said that he had been a member of the subscribers' committee since 1926. He was asked as to the significance of the minutes of the subscribers' committee meeting of March, 1935, referring to "conferences" that Mr. Street had had looking to a settlement of the case. Mr. Harding testified that these conferences, as he understood it, were with field men, agents, chambers of commerce.

Mr. Harding was out of the country at the time that Mr. Street was collecting the 5 percent from the companies. W. H. Lininger, now retired, was in charge of the office. The check was paid at the instance of the president of Springfield F. & M., and was charged against the western department. There was introduced a letter from F. A. Schlesinger, treasurer of Springfield F. & M., to Mr. Harding, referring to the request of Mr. Street and asking to be advised concerning these matters. Mr. Harding was out of the city. He was asked whether upon his return he had seen this letter. He replied that he assumed that he had seen the file. He testified that he had done nothing about it.

B. E. Hobart, auditor in the western department of the Springfield F. & M., testified that after receiving the letter from Mr. Schlesinger, he had a conference with Mr. Lininger. They made an effort to reach Mr. Street to get an explanation from him but he was out of the city. Mr. Hobart said that two or three such attempts were made but the matter was not pressed further.

Lerch Tells Circumstances

W. L. Lerch, manager Underwriters Grain Association, testified. He said that Mr. Street in March, 1936, requested him to call upon him in his office. He told Mr. Lerch that he had an 11 percent check and asked Mr. Lerch to give

him a check for 5 percent on account of litigation expenses. He did as he was requested, without question and in answer to the question as to why he had not inquired into the purposes of the transaction, replied: "Did you know Mr. Street?" He went on to say that he had not been afraid of Mr. Street but that Mr. Street had full charge of the case and it never occurred to him to question his motives.

J. R. Cashel, western manager of Providence-Washington, testified very briefly. He said that the entire transaction had been handled by his head office.

W. P. Robertson, western general manager of the North America, who was on the list to give testimony in Chicago, was in California at the time.

A. F. Jordan D. of C. Superintendent

WASHINGTON—Avoiding a political appointment, the three-man District of Columbia commission has promoted Albert Fite Jordan, insurance department employee since 1937, to be superintendent of insurance to succeed J. Balch Moor, who died July 22.

Mr. Jordan, who is 35, was not an applicant for the post, which carries a salary of \$5,600 a year. Since September, 1937, he has been a rate-making expert for the department, previous to which he was employed in the Virginia department for four years and before that was employed for five years by the Virginia insurance rating bureau.

In 1938 Mr. Jordan assisted at the request of Governor White in the Mississippi legislative insurance investigation. He is a native of Tennessee.

Home's Premiums Sharply Higher

Home of New York, in its mid-year statement, reports assets \$112,869,753, capital \$15,000,000, net surplus \$44,561,330, premium reserve \$46,616,806. Premiums written during the first six months were \$28,041,290, an increase of \$5,038,760 or approximately 22 percent as compared with the same period of 1938. The gain in premiums was principally on account of the automobile account. Net automobile premiums for the first six months were \$11,157,671 as compared with \$8,175,610 during the parallel period of 1938. Fire and allied lines gained about 13 percent, amounting to \$15,284,619, and there was a good gain in the marine department.

Other Companies

Assets of the affiliated Franklin were \$20,302,687, capital \$3,000,000, net surplus \$8,009,622, premium reserve \$6,901,316. City of New York reports assets \$3,351,029, capital \$1,500,000, net surplus \$1,320,943, premium reserve \$2,108,668. New Brunswick had assets \$5,156,415, capital \$1,000,000, net surplus \$1,871,141, premium reserve \$1,537,130. Paul Revere had assets \$3,800,949, capital \$1,000,000, net surplus \$1,206,941, premium reserve \$1,226,136.

Homestead had assets \$3,116,081, capital \$1,000,000, net surplus \$574,112, premium reserve \$1,123,198.

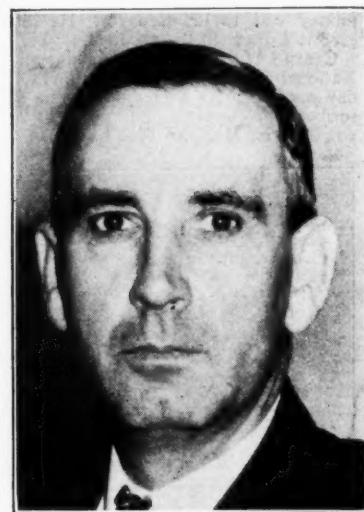
Factory Association Opens Field Office in Buffalo

The Factory Association of Hartford has opened a field office in the Marine Trust building, Buffalo. Special Agent C. S. Linde will have charge.

Mr. Linde joined the field force of the F. I. A. as an inspector in 1921 following his graduation from Tufts College. He subsequently had charge of the Providence territory, and for a number of years has had charge of the Buffalo territory.

Associated with Mr. Linde are R. M. L. Russell and W. C. Potter. Mr. Russell joined the F. I. A. force in 1929, and Mr. Potter in 1935. Both are graduates of Worcester Polytechnic Institute.

Keen Observer



RAY B. LUCAS

Commissioner R. B. Lucas of Missouri is sitting on the sidelines while the hearings are being given by Special Master Barnett in the Missouri fire insurance rate cases, the main object being to ascertain whether the late C. R. Street acted alone in the dealings with "Boss" T. J. Pendergast of Kansas City and Insurance Superintendent R. E. O'Malley, or whether company managers or executives gave him any authority to use money in connection with the negotiations or had any knowledge of his activities in this direction. Superintendent Lucas this week is in New York where the hearing is now being continued. He was in Chicago last week when all hands were busy.

Insurance Advisers Bill Is Law in Massachusetts

BOSTON—The "insurance advisers" bill advocated by life underwriters associations of Boston and Massachusetts passed the legislature and was signed by the governor. It requires all individuals or corporations acting as insurance advisers, counsellors or analysts to take an examination and satisfy the commissioner of their fitness to serve insurers. They must pay \$25 fee, the same as brokers, must keep complete records, and use only contract forms approved by the commissioner. Duplicate copies of contracts must be furnished each client and be available to the commissioner upon request. Violation calls for a penalty of \$50 to \$500 and/or six months in jail.

On the same day the bill was passed the Massachusetts Association of Insurance Brokers voted to oppose the bill. Objection to the bill, as voiced at hearings, was that it placed all "advisers" on the same basis as brokers and would undoubtedly apply to certain fire and casualty technicians not within the meaning of the act.

Life insurance interests desired only to have the bill apply to the class of "advisers" who were advising policyholders to switch their insurance and exacting a certain percentage of the cash value of policies for their services, and had no objection to the amendments desired by the brokers' association. The bill was proposed by and sponsored by the commissioner.

Ernest Nixon of Boston has purchased the Farrington agency of Peabody, Mass., and he has become associated in the management of the Kingman-Nowell agency at 141 Milk street, Boston.

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S. M. BUCK

of the companies to defray the expenses of the state. Mr. Buck said that his principal purpose in calling was to find out how to allocate the item on the books.

H. A. Clark, vice-president and western manager of Firemen's, was put on the stand. He testified that he had been a member of the subscribers' committee since 1921. He was asked about the loan of \$150,000 that was made from the St. Louis bank in November, 1935. He said that the attorneys had asked for a substantial advance on their bills in order to relieve pressure on them in connection with the income tax, especially due to the death of Mr. Hicks. The commit-



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ACCIDENT AND CASUALTY INSURANCE COMPANY
OF WINTERTHUR, SWITZERLAND
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NEW YORK

United States Branch

CONDENSED

STATEMENT

DECEMBER 31, 1938

ADMITTED ASSETS

| | |
|--------------------------------|-----------------------|
| U. S. Treasury Bonds | \$1,600,823.52 |
| Other Bonds | 1,206,532.48 |
| Stocks | 96,566.00 |
| Other Assets | 466,428.80 |
| Total | \$3,370,350.80 |

Reserves:

LIABILITIES

| | |
|--|-----------------------|
| Voluntary Contingency | \$ 224,299.34 |
| Other Liabilities | 646,051.46 |
| Statutory Deposit with New York | \$ 850,000.00 |
| Net Surplus over Deposit | 1,650,000.00 |
| Policy Holders' Surplus | 2,500,000.00 |
| Total | \$3,370,350.80 |

Bonds and Stocks owned are valued in accordance with requirements of New York State Insurance Department and National Association of Insurance Commissioners. Securities carried in above Statement at \$1,355,063.27 are deposited as required by law.



NEAL BASSETT, U. S. Manager
OGDEN DAVIDSON, U. S. Assistant Manager
CHARLES A. BARKIE, U. S. Assistant Manager
OWEN F. A. HIGGOTT, U. S. Branch Treasurer



America Fore

STATEMENTS AS OF JUNE 30th, 1939

| | *Admitted Assets | Reserve for Unearned Premiums | Reserve for Losses and All Other Claims | †Contingency Reserve | Capital | SURPLUS FOR POLICYHOLDERS Market Quotations June 30, 1939 |
|---------------------|------------------|-------------------------------------|---|-------------------------|-------------|--|
| Continental..... | \$91,910,941 | \$19,802,865 | \$7,943,406 | \$1,022,521 | \$5,000,000 | \$63,142,149 |
| Fidelity-Phenix.... | 71,629,213 | 15,657,705 | 6,938,317 | 919,932 | 3,750,000 | 48,113,259 |
| Niagara..... | 22,751,361 | 5,144,993 | 1,094,081 | 100,966 | 2,000,000 | 16,411,321 |
| American Eagle.... | 18,848,387 | 3,016,919 | 2,527,873 | 0 | 1,000,000 | 13,399,179 |
| First American..... | 4,564,597 | 881,357 | 189,612 | 0 | 1,000,000 | 3,528,861 |
| Maryland..... | 3,051,622 | 361,870 | 86,580 | 12,845 | 1,000,000 | 2,590,327 |
| Fidelity & Casualty | 50,231,010 | 13,075,916 | 21,797,334 | 777,529 | 2,250,000 | 14,580,231 |

*Bond and Stock valuations on basis approved by National Association of Insurance Commissioners.

†Securities carried in the above statements are deposited for purposes required by law. Continental, \$921,142.60; Fidelity-Phenix, \$1,101,659.50; Niagara, \$547,681.00; American Eagle, \$233,124.00; First American, \$446,984.80; Maryland, \$413,923.00; Fidelity & Casualty, \$1,229,403.84.

†Contingency Reserve, representing difference between total values carried in assets for all bonds and stocks owned and total values based on June 30, 1939 market quotations.

The American Eagle market quotations are \$95,584.00 and the First American market quotations are \$35,233.00 in excess of values carried in assets.

LOSSES PAID SINCE ORGANIZATION \$1,094,000,000

"With conditions in many foreign countries so greatly disturbed", says a leading American bank president, "it is very reassuring to know that we have American insurance companies ably managed and financed for the use and protection of American enterprises. Certainly the part that the America Fore Group has contributed has been outstanding."

There is little we can add to the above statement except to say that the position occupied by America Fore in the field of property and indemnity insurance is due to the combined judgement and effort of our directors, our companies' staffs, and our agents and brokers throughout the country.

It is our job as part of the American insurance industry, to protect American business and homes, from the hazards of insurable loss, regardless of the condition of world markets or international crises.



B. M. Culver
PRESIDENT